

# The costs and benefits of external review of quality assurance in higher education

A report by JM Consulting Ltd to HEFCE, Universities UK, SCOP, the DfES and the Quality Assurance Framework Review Group

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# Executive Summary

## Introduction

- 1 This report reviews the costs and benefits of external quality assurance (QA) of teaching and learning in higher education institutions (HEIs) in England. The report focuses particularly on the new Institutional Audit process, run by the Quality Assurance Agency (QAA) and the other QA processes in health, teacher training, medical education, and in other disciplines subject to professional body review, such as engineering, business and law.
- 2 While everyone accepts the value of an external check on standards and quality in higher education, there has been concern about the combined costs of all these external reviews on the sector, and the potentially negative consequences of diversion of academic effort into compliance activity.
- 3 Overall, we find that the specific measurable costs for HEIs of dealing with all external QA reviews are now approximately £40m a year. This represents a significant reduction from the position three-to-four years ago, and it is not a large sum in relation to the importance of UK higher education, and the numbers of students gaining qualifications each year. However, it is equivalent to four full-time senior staff (professors or senior administrators) at each of the 130 English universities and colleges. There are also unknown costs of lost opportunity and suppression of innovation in higher education.
- 4 Planned changes will reduce this cost as the sector moves into the next six-year phase of academic quality assurance. Based on our review of costs and benefits, we propose a further streamlining of the new process of Institutional Audit. Taken together, these changes will lead to an annual cost to HEIs of approximately £30m from 2006/07. We have also identified areas where collaboration between the QA agencies could reduce costs further without loss of important accountability or other benefits.

## Scope and methodology of study

- 5 More than 50 bodies are involved in reviewing quality and standards in universities and colleges, and each institution interacts with a different combination of these depending on the range of programmes it offers. We have investigated the impact of this external QA activity (benefits and costs) at a sample of 12 HEIs chosen to cover the range of types of institution and of experience with QA in the sector. We spent approximately two days in each institution meeting staff involved in QA, and students, and building up a picture of the effort institutions have to make preparing for and managing external QA visits and reviews.
- 6 The purpose of the study was to provide evidence to support future policy. It is convenient to categorise our findings into two broad areas of academic and professional QA.
- 7 Academic QA review processes fall under the Quality Assurance Framework (QAF), which consists of QAA Institutional Audit plus the new public information requirements known as Teaching Quality Information (TQI)/National Student Survey (NSS). The arrangements are in a transitional phase, but are essentially the same for all HEIs in England and Northern Ireland. We have provided detailed evidence on the way the arrangements work in practice, plus costs and

benefits of each part of the QAF, now, and in a forecast 'future steady state'. These findings support the work of the QAF Review Group, chaired by Dame Sandra Burslem.

- 8 In the area we have called professional QA, there are a number of different processes and greater variation in experience across the 12 institutions. For example, we were able to review six institutions' experience with Ofsted (Office for Standards in Education) inspection of Initial Teacher Training; two of our sample institutions had medical schools reviewed by the General Medical Council; six had experienced the new Major Review in health, and a further two had other health reviews; three had further education (FE) provision reviewed by Ofsted and the Adult Learning Inspectorate; 10 had reviews by statutory or professional bodies – ranging in number from two at one institution to 62 at the 'most-reviewed'. Given this much more diversified picture, we are able to provide a less comprehensive view of the way these arrangements work, but we have reviewed costs and benefits of each main QA programme, now, and in a forecast future steady state.

### **Purpose and benefits of external QA review**

- 9 The main purpose of the academic QA arrangements under the QAF is to assure the quality and standards of UK higher education awards so that students, employers and society can be confident about the value of a UK degree. There is an important dimension of providing public information for prospective students and others, and also of protecting the international reputation and attractiveness of UK higher education.
- 10 The main purpose of the professional QA arrangements in the more vocational subjects (medicine, health, teacher training, engineering etc) is to ensure that graduates who enter those professions are able to practise safely and competently, and there is therefore a strong element of public protection in professional QA.
- 11 These are important benefits for the nation, and having this external review and accountability also helps to protect the autonomy of HEIs. More directly, HEIs gain benefits from external review which helps them to test and benchmark their own processes; it helps quality enhancement; it helps to disseminate good practice; it supports and encourages staff development; and it provides a focus for academic dialogue around the improvement of the student experience.
- 12 We discuss and review all these benefits in the report, but we cannot put a value on them in the same way that we measure the costs of achieving them.

### **Costs of external QA review**

- 13 The specific cost of this external review for the English higher education sector is approximately £40m a year. This is the full economic cost of work done by HEIs directly to prepare for external reviews through such activity as drafting self-evaluation documents; briefing staff and students; preparing background documents; and holding meetings with review teams.
- 14 The costs incurred by HEIs in responding to the main review processes are shown in table A.

**Table A: Current HEI costs of external review on an annualised basis**

	Average per HEI £000s	England £m
<b>Academic QA (transition phase)</b>		
Institutional Audit	69	9.0
DATs as part of audit	52	6.7
Developmental Engagements	14	1.8
Foundation degree reviews	2	0.25
Provision of auditors for QAA	10	1.3
<b>Total academic QA (QAF)</b>	<b>147</b>	<b>19.1</b>
<b>Professional QA</b>		
Ofsted inspection of ITT	-	3.8
GMC review of medicine	-	1.5
Review of health provision	-	4.4
Inspection of FE	-	1.6
Inspection by PSRBs (excl. health)	-	9.9
<b>Total professional QA</b>	<b>163</b>	<b>21.2</b>
<b>Total cost of external QA</b>	<b>310</b>	<b>40.3</b>

Note: where HEIs do not all have the same processes, the £000s figure per HEI is not meaningful, and is not included. Full details are in tables 2 and 4.

- 15 The central costs, that is the costs of inspection incurred by the publicly funded agencies which specify or carry out these external reviews (such as Ofsted, Skills for Health, Adult Learning Inspectorate and QAA), are in the region of £10m per annum.

### **Academic QA in the transitional phase of the QAF**

- 16 Institutions welcome the new Institutional Audit which is a less intrusive, and much less costly, process than the former combination of institutional and Subject Review. Institutional Audit is a peer review process, focused on an institution's central management and QA systems, which has the aim of ensuring that institutions are managing their own quality effectively, rather than of making direct observations on teaching and learning. There is strong student involvement in Institutional Audit, which can be very productive.
- 17 We provide a detailed commentary in chapter 3 on the way Institutional Audit is working in practice. In general, this is satisfactory, but there are a few areas where there is scope to improve the process. The largest of these is in respect of Discipline Audit Trails (DATs) within the audit. These were introduced as a compromise in audits to retain a subject element, as well as an opportunity for QAA review teams to test processes are working at the subject level.
- 18 We find that DATs are the least satisfactory part of audit. They are very costly for institutions, and their focus on subject specialities can change the focus of the audit in a way which runs counter to its main purpose. They also provide the greatest opportunities and incentives for focus on detail and the associated costly over-preparation by institutions. For these reasons we believe that DATs should cease in their present form, and that QAA should use other forms of audit trails. This should significantly reduce the costs of audit for individual HEIs and save over £1m centrally.

- 19 TQI/NSS are still in a developmental phase and no direct benefits have yet been delivered. It seems probable that they will add approximately £3m per annum to the sector's costs of academic QA (that is the costs incurred by HEIs). There is widespread scepticism amongst institutions as to whether the benefits will justify these extra costs.

## **Assessment**

- 20 Overall, it is clear that there has been a very significant reduction in the costs of QA for the sector since this issue was first raised in 2000. All the main government-funded QA processes we have reviewed have a specific purpose and deliver benefits. Several of them have recently been streamlined or are currently in a process of transition which will lead to a further reduction in costs.
- 21 There is therefore no longer evidence of major problems associated with unreasonable costs of QA for HEIs across the sector. However, the impact can still be high for some departments and institutions, notably small departments and institutions, and for those which have a wide spread of vocational programmes. In line with the principles for regulation of quality we propose in chapter 6, it is still important to seek ways to reduce the costs of external QA where this can be done with no loss of benefits or necessary accountability.
- 22 In this context, we note that there are still a number of uncoordinated review regimes, and that new review processes can still be added without a clear business case in place. The perceived data requirements of inspecting agencies are often onerous, especially when HEIs perceive that a large amount of web-based material has to be printed out and assembled in one room for review teams, or when new material has to be created by reformatting existing documentation.
- 23 We have identified that this is not all the fault of the inspecting agencies. HEIs do not always respond as strategically as they could to external review. Many do more than is required (sometimes this is justified by additional benefits, but sometimes it is unplanned – so called 'gold-plating'). This can be encouraged by poorly designed review processes, or ambiguous guidance, and by occasional members of review teams who over-step what is required or try to 'test HEIs out'.
- 24 The result of all these factors is that there is still a significant unnecessary cost for higher education institutions (albeit much reduced in recent years). This must weaken HEIs' effectiveness in teaching and research, and in other policy objectives such as widening participation and knowledge transfer. There are also unquantifiable costs related to the diversion of academic staff time, and the danger of the creation of a culture which is cautious about innovation, or sees quality as about satisfying external agencies, rather than as an intrinsic academic objective.
- 25 The policy aim must therefore be to achieve a better balance of costs and benefits, and to move (as basic standards are assured) to more intelligent and developmental review regimes. We believe the agencies can help this by fine-tuning their own processes and by harmonising and sharing requirements with each other, thus avoiding multiple publicly-funded inspections of the same departments or disciplines. HEIs can also do more to respond strategically, rather than on an ad-hoc basis to external review. Some of them need to become more confident and self-critical, and to design their own internal



processes such that they do not need to make costly special preparations when reviewing agencies visit. Some examples of this good practice already exist, and they could be better disseminated in the sector. We identify some areas where we would like to see more work to facilitate and encourage this further collaboration and maturing of the processes, and of institutions' responses to them.

## Future steady state costs of review

- 26 The costs of academic QA are already due to reduce at the end of the transition period, as a result of the move to a six-year cycle. If our recommendations on Institutional Audit are accepted, and our assumptions about the evolution of the other processes are right, there will be a further significant reduction in the total annual costs for institutions which will come down to an average of £77,000 per institution (£10.0m for the whole sector) for academic QA and to £151,000 (£19.7m for the whole sector) for professional QA. This is shown in table B.

**Table B: Forecast future steady state costs of external review on an annualised basis**

	Average per HEI £000s	England £m
<b>Academic QA QAF (6-year cycle)</b>		
Institutional Audit	32	4.2
Developmental work	6	0.76
Provision of auditors for QAA	5	0.67
Collaborative audit	10	1.3
TQI/NSS	24	3.1
<b>Total academic QA (QAF)</b>	<b>77</b>	<b>10.0</b>
<b>Professional QA</b>		
Ofsted inspection of ITT	-	3.0
GMC review of medicine	-	1.3
Review of health provision	-	4.2
Inspection of FE in HE	-	1.3
Inspection by PSRBs (excl. health)	-	9.9
<b>Total professional QA</b>	<b>151</b>	<b>19.7</b>
<b>Total cost of external QA</b>	<b>228</b>	<b>29.7</b>

Note: the 'average' figure for costs of collaborative audit is actually a composite of zero for most HEIs, and £37,000 for the 37 HEIs which will have a collaborative audit. The total academic QA costs per HEI therefore vary between £61,000 (without collaborative audit) and £98,000 (with collaborative audit). In other cases where HEIs have (even wider) variations in processes, we have not included an average cost per HEI. Full details are in Tables 6 and 7.

- 27 There should also be some reduction in the central costs of the agencies as their effort in terms of inspection days is reduced.

# 1 Introduction

- 1.1. This is the report on our study of the impact of external quality assurance (QA) activity in higher education.

## **Purpose of the study**

- 1.2. The study had two high-level objectives:
- to review the costs and impacts of the higher education Quality Assurance Framework (the combination of Institutional Audit; implementation of the Academic Infrastructure in institutions; and the information requirements for higher education institutions)
  - to review the costs and impacts of all externally driven QA activity in higher education. This is to support the Department for Education and Skills (DfES) in their requirement to report to the Inspection sub-committee of the Commons Committee for Public Services and Expenditure [PSX(I)].
- 1.3. The study was guided by two steering groups; the Quality Assurance Framework Review Group, chaired by Dame Sandra Burslem, and a DfES project group, chaired by Jane Tory.
- 1.4. The study was an England-based one, and the outcomes should also be relevant to Northern Ireland. There are significant differences in the QA regimes in Scotland (especially), and in Wales.

## **Methodology and evidence**

- 1.5. The evidence in this report relates to the impact of external review of QA ('inspection') on higher education institutions (HEIs). We have investigated benefits, costs and other impacts of this activity at the 12 HEIs listed below. All of these institutions have experienced a new-style Institutional Audit by the Quality Assurance Agency (QAA), and they were chosen to represent a range of types of institution, and of experiences with external QA, including, in particular, review of medical education, health professions, and teacher training education. We wish to acknowledge the assistance provided to our work by these institutions.

Bath Spa University College  
University of Birmingham  
University of Bradford  
University of Cambridge  
Cumbria Institute of the Arts  
University of Essex  
University of Greenwich  
Nottingham Trent University  
University of Portsmouth  
College of St Mark & St John  
Trinity College of Music  
University of Wolverhampton

- 1.6. Our evidence on the costs of external review of QA at each institution was built up on a full economic cost basis, that is to say using the same Transparent Approach to Costing (TRAC) principles that are used to calculate the full costs of research or teaching in institutions<sup>1</sup>.
- 1.7. In each institution, we had discussions with a range of institutional representatives (see chapter 3) and we collected other evidence. The large number of staff we met enabled us to test and triangulate this evidence both within and across institutions. We believe that, collectively, this body of evidence provides a robust basis for drawing policy conclusions.
- 1.8. The student perspective is important to this study, and we have had discussions with student representatives at the majority of case study institutions, and with the National Union of Students.
- 1.9. We had discussions with all the main agencies which commission or undertake QA review of provision in higher education. The publicly-funded agencies include the Higher Education Funding Council for England (HEFCE), Universities UK, the Standing Conference of Principals (SCOP), QAA, Ofsted, Skills for Health, the Teacher Training Agency (TTA), and the Adult Learning Inspectorate. We also had discussions with a number of professional statutory and regulatory Bodies which review HEIs, including the General Medical Council (GMC), the Association of Masters in Business Administration (AMBA), the Law Society, the Institution of Electrical Engineers, and the General Social Care Council.
- 1.10. We are grateful to all these organisations for their helpful contributions to our work.

### **Scope of this report**

- 1.11. QA in higher education is complex, and external review arrangements have been in a state of change for a decade. This report does not attempt to provide a definitive review of the subject. Its purpose is to provide robust evidence on the benefits, costs and effectiveness of the QA arrangements, as they currently exist, and to forecast the costs for the sector, in the near future, as a basis for consideration of future policy.
- 1.12. A number of wider contextual factors may also affect the environment for QA in the medium term. These were discussed by the two steering groups, but not considered in detail in this report. It may be appropriate to conduct a further review at a later date when the outcome of these changes is clearer.
- 1.13. This report is in five main sections which cover:
  - a summary of the background to the review and a description of current QA arrangements (chapter 2)
  - evidence on the impact of the Quality Assurance Framework and academic QA by the QAA (chapter 3)
  - the costs of academic QA (chapter 4)
  - the evidence on the impact and cost of all other professional QA review activities in higher education (chapter 5)
  - our conclusions and comments on the broader issues of cost/benefit and future arrangements (chapter 6).

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<sup>1</sup> Further details in chapter 4.

## 2 Background: QA in Higher Education

- 2.1. This chapter summarises the main elements of the background to this review. The chapter covers:
- scope and definitions
  - evolution of quality assurance in higher education
  - better regulation and the burdens on HEIs
  - the new Quality Assurance Framework
  - the academic infrastructure and institutional QA processes
  - other external review of QA
  - purposes and benefits of external quality assurance.
- 2.2. This chapter draws upon a number of sources of information, but we would particularly like to acknowledge the recent book by Roger Brown<sup>2</sup> which is a readable and comprehensive account of the UK experience in QA from 1992 to 2003.

### Scope and definitions

- 2.3. This report is about external quality assurance activity and its impact on higher education. As Roger Brown points out, quality assurance is essentially a management (internal) activity, and strictly, we should probably refer to external quality monitoring, or external quality evaluation. However, QA is a well-understood term in this connection, and is in our terms of reference.
- 2.4. QA can be distinguished from quality enhancement (QE), and the relationship here has been well illustrated by Robin Middlehurst<sup>3</sup> who notes that there is a natural hierarchy or progression:
- quality objectives or standards
  - quality control
  - quality assurance
  - quality enhancement
  - quality transformation.
- 2.5. Thus quality assurance builds upon quality objectives and quality control, and may in turn contribute to quality enhancement.
- 2.6. External QA activity in the UK is of three main types which we define as follows:
- **assessment** (measurement of outputs – such as observing teaching and sampling the student experience)
  - **audit** (review of the management processes an institution has established to assure the quality of its outputs)
  - **accreditation** (approval of an institution as suitable to make awards, or a programme or module as meriting professional recognition).

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<sup>2</sup> Brown, R 'Quality Assurance in Higher Education', RoutledgeFalmer, 2004

<sup>3</sup> Middlehurst, R 'Enhancing Quality in Repositioning Higher Education', SRHE, 1997

- 2.7. One other key term is validation. This is when an institution determines whether a programme of study, whether or not delivered within the institution, is fit to lead to one of the institution's awards. One form of this occurs when a university validates the degrees gained by students studying at a partner institution which does not itself have degree awarding powers.
- 2.8. The term 'inspection' is used as a generic term in the remit of the PSX(I), and in our terms of reference. When we use it in this report, it does not imply any judgement about the nature of a particular QA process, or the organisation carrying it out.
- 2.9. We are evaluating two distinct, but related, areas of external QA review in higher education. The first is what we describe as 'academic QA', i.e. the activity by the QAA which is about assuring the standard of academic qualifications and programmes across the institution (often described as 'fitness for award'). This is covered in chapters 3 and 4. The second area, which we have called 'professional QA', includes the activity of other agencies concerned with those more vocational or contract-funded higher education programmes which lead to a professional qualification as well as an academic award (such as law, medicine, teaching, health professions and engineering) and also FE provision in HEIs<sup>4</sup>. The additional external review in these areas is covered in chapter 5.

## **Evolution of academic quality assurance in higher education**

### **Policy evolution**

- 2.10. External quality assurance in UK higher education has had a relatively turbulent history in recent years.
- 2.11. Prior to the 1990s, the two sides of the binary line had different traditions of QA.
- 2.12. The universities, as autonomous chartered bodies, were not subject to any comprehensive external review of their academic provision (apart from the work of external examiners). However, the Committee of Vice-Chancellors and Principals (CVCP) created an Academic Audit Unit in 1990 to scrutinise institutions' quality control systems.
- 2.13. By contrast, the polytechnics and colleges, which made up the public sector of higher education, were subject to external validation by the Council for National Academic Awards (CNAA) which awarded degrees in that sector. Over time, CNAA moved to accrediting mature institutions to make academic awards. The Business and Technology Education Council (BTEC) fulfilled an equivalent role in respect of vocational awards. These HEIs were also subject to inspection by Her Majesty's Inspectorate (HMI) – which (for a brief period) informed the allocation of funding.
- 2.14. Following the creation of the unified sector by the Further and Higher Education Act 1992, a two-part approach to external QA was introduced with 'subject assessment' by the funding councils, and 'systems audit' by the Higher Education Quality Council (HEQC). The culture of the two differed. While assessment was externally imposed by the funding

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<sup>4</sup> This distinction between academic and professional QA is of course a simplification of a more complex situation, but it is convenient to have a single word to use in this report.

councils as a condition of funding, audit was a sector-owned process funded by subscriptions paid by HEIs.

- 2.15. In 1997, the QAA was created (taking over both functions and some of the staff who formerly managed them). Also in 1997, the Dearing Committee of Inquiry into Higher Education reported a number of recommendations on QA which provided the basis for the academic infrastructure (described below).
- 2.16. QAA began its work with a remit from HEFCE to complete HEFCE's programme of Subject Review and with a public standpoint of making academic teachers more 'professionally accountable'. Concerns about the dual process remained, and the PA Consulting report to HEFCE in 2000 showed the costs of Subject Review to the sector were at least £30m annually<sup>5</sup>. The Government announced the abandonment of universal Subject Review early in 2001. HEFCE consulted on a revised method for quality assurance of teaching and learning later that year<sup>6</sup>.
- 2.17. This consultation document (HEFCE 01/45) set out objectives for QA (see below). It also defined some principles for the new approach which were:
  - meeting public information needs
  - recognising the responsibility of HEIs for their own systems of QA
  - lightness of touch.
- 2.18. This essentially defined the policy for the current arrangements. The revised Institutional Audit and the new public information requirements (through TQI/NSS) form an interdependent package, which permitted the relaxation of the requirements for comprehensive Subject Review.
- 2.19. Based on this, QAA developed a new audit-based approach which was approved in 2002, and the first audits began in 2003. An important new emphasis was on the quality of the student experience and the involvement of students in Institutional Audit. The TQI (public information) element is still being developed. This regime constitutes the Quality Assurance Framework, and is reviewed in chapter 3.

### **Review activity**

- 2.20. While these changes were going on at the national policy level, institutions and academics experienced a continuing (albeit frequently changing) regime of external QA. There have been two main streams to this in terms of academic QA – assessment and audit.
- 2.21. **The assessment stream** began as a result of the government requirement to HEFCE to ensure that subject level assessments were carried out which were capable of informing funding. HEFCE designed a process which included self-assessment by institutions, followed by peer reviewer visits to institutions to confirm or amend their self-assessments. Assessment was done in 15 subjects, leading to a result of excellent, satisfactory or unsatisfactory. Approximately 500 (out of 1,000) institutional subject areas were visited between 1992 and 1995. The remainder were confirmed as satisfactory on the basis of the self-assessment.
- 2.22. In the mid 1990s, the regime was changed by HEFCE. It became more

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<sup>5</sup> 'Better Accountability for Higher Education' PA Consulting (HEFCE 00/36).

<sup>6</sup> 'Quality assurance in Higher Education' HEFCE 01/45 (Consultation)

about 'market information', and the grading system had scores of 1-4 awarded in six areas, so that provision which fully met the institution's objectives in all these areas scored 24. This regime was taken over by QAA in 1997 and continued until 2001, known as Subject Review.

- 2.23. **The audit stream** was about reviewing institutional management and QA processes. When the two sectors were unified, the HEQC took over the audit role and published reports on the lessons learned from audit. Audit was extended to cover collaborative provision (validation audits) and overseas provision (overseas audits). Finally, after all institutions had been audited (around 1996), HEQC undertook a programme of continuation audits, which were intended to be less burdensome, drawing on internal processes and evidence already available within institutions.

### **Better regulation and the burdens on HEIs**

- 2.24. The Better Regulation Task Force (BRTF) produced a first report with its principles of better regulation in 1998. In 2002, the BRTF published a report on higher education<sup>7</sup> with a chapter on QA which was critical of the burdens and lack of co-ordination of external inspection activities.
- 2.25. Some of the evidence for this view was provided by the PA Consulting report already mentioned. PA reviewed burdens of accountability and found that the costs of a QAA Subject Review were in the region of £50,000 at the University of Leeds and in the range of £80,000-180,000 at Leeds Metropolitan (partly due to the more complex modular programme structure of the new university).
- 2.26. A common view in institutions we have visited is that, whatever its justification, Subject Review effectively killed all other innovation and activity in the department for the whole of the academic year in which it took place. The PA report includes a photograph of the paper assembled by one department for a Subject Review. This fills most of a reasonable sized room, and is not untypical of the preparations that institutions felt obliged to make for Subject Review.
- 2.27. In July 2003, the Government published its policy on Inspection of Public Services. This sets out 10 principles about the purpose, processes, and added value of inspection of public services. A new ministerial committee – PSX(I) – has been established to oversee this policy. The policy requires inspectorates to have regard to value for money – delivering benefits commensurate with costs. As part of this, DfES has to assess the full costs and benefits of inspection activity in higher education.
- 2.28. Within higher education, the Better Regulation Review Group was chaired by David VandeLinde. Its remit was to oversee the implementation of the recommendations in 'Easing the Burden' and to devise a gatekeeper mechanism to prevent unnecessary burdens being introduced through new initiatives in higher education. The gatekeeper body is the new Higher Education Regulation Review Group (HERRG), chaired by Dame Patricia Hodgson, which began work in 2004.

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<sup>7</sup> Higher Education: Easing the Burden. BRTF. July 2002

## **The Quality Assurance Framework – QAF**

- 2.29. The term Quality Assurance Framework describes specific elements of the system of external review and information which have replaced the former regime of audit and assessment. Policy ownership of the QAF is by QAA, Universities UK, SCOP, and HEFCE. The QAF consists of the QAA Institutional Audit, plus the TQI. This also implies the expectations of the academic infrastructure (discussed below) have been addressed by institutions.
- 2.30. The QAF was developed through negotiations between the main stakeholders and includes some compromise elements (notably the inclusion of a continuing subject-related element in Discipline Audit Trails, DATs). The system is different in Wales (without Discipline Audit Trails), and in Scotland is significantly different from that in both England and Wales, having a stronger emphasis on quality enhancement.
- 2.31. The QAF is in a transitional phase, and is only partly implemented. The main elements are described below.

### **QAA Institutional Audit**

- 2.32. Most institutions will perceive the QAA Institutional Audit as the key element. The new approach involves a change in philosophy. This recognises that the good quality of most provision has been demonstrated, and that institutions should have the main responsibility for assessing and assuring the quality of their own provision. To do this, they have to develop and maintain an appropriate institutional infrastructure, and to conduct their own internal assessments or reviews.
- 2.33. QAA now has a more limited role in auditing institutional QA systems, and the way they are implemented rather than reviewing teaching directly. This implies that QAA's involvement with institutions will be lighter and more strategic, and institutions should experience a lower cost of preparing for and engaging in QAA visits. It does not imply that institutions will do any less work to ensure their own teaching quality.
- 2.34. The QAA 'Handbook for Institutional Audit: England' sets out the aims and process for Institutional Audits, and provides guidance for institutions in preparing self-evaluation documents and responding to QAA visits.
- 2.35. During the transitional phase, which began in 2002, all institutions will be audited within a three-year period, to be followed by a six-year cycle. Audit visits are prepared under the guidance of a QAA assistant director and are conducted by a team of reviewers selected from a panel retained by QAA. A visit normally lasts five days. Reports are published and give a view about the confidence that QAA can have in the management of quality at the institution. Confidence can be 'broad', 'limited' or 'absent', and QAA make associated recommendations to institutions in three categories: 'essential', 'advisable', and 'desirable'.
- 2.36. QAA review teams use the DATs as a means to 'drill down' to see the way that institutional QA systems are working at subject level. Typically, four-to-six DATs are included in each audit. They require QAA teams to include subject specialists and they involve a more detailed level of intervention (including reviewers looking at student work).
- 2.37. Thematic enquiries, which are much less common, serve a similar function and can be in areas of cross-disciplinary interest such as graduate



studies.

- 2.38. QAA will also be conducting collaborative audits at about 30 institutions which have significant collaborative provision. These will take place over 2005/06 and 2006/07.
- 2.39. During the transitional period, some institutions had Developmental Engagements (DEs) which were subject-related reviews intended to be developmental for institutions with no publication of results by QAA.

### **Teaching Quality Information and National Student Survey (TQI/NSS)**

- 2.40. The revised audit process is not considered adequate on its own to satisfy the Government's, and other stakeholders', requirements for accountability and information on teaching quality. It was therefore supplemented by some new requirements on institutions to provide information about quality and standards.
- 2.41. The principles for this were set out in the HEFCE consultation document HEFCE 01/45. The idea was to have a set of existing data on quality and standards which institutions should draw together, maintain, and make available for use by relevant staff for purposes of internal QA. From within this, a sub-set of data would be published as an information resource for students, employers etc.
- 2.42. A task group chaired by Sir Ron Cooke specified the information to be included in both the institutional internal data set, and the published data<sup>8</sup>. Subsequently, work has been done to develop a National Student Survey (NSS) which took place for the first time in 2005, and to develop the templates and systems to enable all HEIs to publish a consistent set of information about quality and standards. These arrangements do not include health students or practice learning.
- 2.43. This part of the QAF is still being developed and implemented, and the evidence on its cost and benefits in this report is therefore much less definitive than that on Institutional Audit.

### **The Academic Infrastructure and institutional QA processes**

- 2.44. The Academic Infrastructure has four components, which were recommended by Dearing and have been developed and defined by QAA in collaboration with the sector. Its purpose is to provide national reference points on standards, and to guide institutions' internal QA processes. The four components are:
  - the framework for HE qualifications, which helps the sector to define standards for academic awards
  - national benchmark statements, which help to define what constitutes degree-level work in different disciplines
  - institutional programme specifications
  - the Code of Practice for the assurance of academic quality and standards.
- 2.45. The Code of Practice is the most relevant of these for this review, as a management tool for institutions. It is a 100-page document described as 'an authoritative reference point' for HEIs as they assure the quality of

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<sup>8</sup> 'Information on Quality and Standards in Higher Education' HEFCE 02/15

their own programmes and awards. The Code contains precepts which are statements of good practice that QAA will expect to see institutions addressing, plus guidance which may help them to do so.

- 2.46. In 'Easing the Burden', the BRTF recommended that the QAA should 'simplify and compress its Code of Practice making it user friendly and less prescriptive in tone'.
- 2.47. These four elements of the Academic Infrastructure contribute in different ways to institutional academic QA, and the way institutions have implemented the different elements is one of the factors considered by QAA review teams.
- 2.48. As part of their own management, all institutions maintain some key internal academic quality control and assurance processes. The most important processes (which are all covered in the Code) are:
- a process for **approval of new courses**
  - a process of **annual monitoring** of programmes and student achievement
  - a process of more in-depth **periodic review** of programmes usually at department or discipline level and with an external element
  - a system of **external examining** which includes external review of student work and verification of the comparability of academic standards between institutions.
- 2.49. The Academic Infrastructure is an important part of the context within which Institutional Audit and other external review takes place. While we are not reviewing the Academic Infrastructure per se, a valid assessment of the costs and benefits of external QA has to take some account of the other QA processes already in place in institutions.

### Other external review of QA

- 2.50. In addition to the QAF, there are other external QA processes to which institutions are subject. The most important of these are:
- a. The **regulations surrounding degree awarding powers and university title** which are a form of institutional accreditation and serve to ensure that institutions which award degrees and use the title of university satisfy a number of management, governance and quality control criteria.
  - b. **The funding councils' processes of institutional monitoring and audit.** These are not primarily directed at quality of teaching, but they take account of institutions' governance and management and of their performance against benchmarks in terms of recruitment, retention, and student destinations for example, and so indirectly monitor quality of provision.
  - c. **Review and monitoring by government departments and public bodies** which contract with HEIs to deliver education (chiefly in respect of initial teacher training; health professions; and FE provision in HEIs) – see chapter 5.
  - d. **Review by a wide range of professional and statutory regulatory bodies (PSRBs)** – see chapter 5.

- 2.51. While the QAA provides the core academic quality review in higher education (and for many institutions it is the most significant one), there are therefore many other agencies and processes which also review aspects of higher education teaching provision.

### **Purposes and benefits of external quality assurance**

- 2.52. HEFCE consultation 01/45 identified four objectives of quality assurance in higher education:
- to contribute, in conjunction with other mechanisms, to the promotion of high quality and standards in teaching and learning
  - to provide students, employers and others with reliable and consistent information about quality and standards at each higher education institution
  - to ensure that higher education programmes are identified where quality or standards are unsatisfactory, as a basis for ensuring rapid action to improve them
  - to provide one means of securing accountability for the use of public funds received by HEIs.
- 2.53. These four objectives were carried forward into the work done by QAA, and are reflected in the Handbook for Institutional Audit. There were some changes in wording, the most significant of these is the inclusion of the concept of enhancement in the first purpose.
- 2.54. A commonly-stated fifth purpose or benefit of all these activities is to protect the reputation of UK higher education, the employability of UK graduates, and the standing of UK awards and professions both in the UK and internationally. It could be argued that this flows from the other purposes above, but both QAA and members of the two steering groups attach importance to these broader benefits and so we have adopted this as a fifth purpose in the analysis in this report.

### **Evaluation framework**

- 2.55. In summary, the five purposes of external review of QA can be described as:
- to promote quality
  - to provide public information
  - to ensure minimum standards, and to protect the public
  - to provide accountability
  - to protect and enhance the reputation of UK higher education.
- 2.56. Of course, these five purposes are not all independent of each other, but neither are they in conflict. Three of them (accountability, minimum standards, and promotion of quality) might be thought of as lying along an axis, while the other two (information and the reputation of UK higher education) are of a different kind. This is illustrated in figure 1 at the end of this chapter.
- 2.57. Generally, review for accountability purposes could be expected to be a relatively standardised process, with little scope for discretion, and the outcome would be a simple Yes/No. This type of inspection is necessary

where public funds are involved, but offers little added value and should therefore be at the minimum level of intrusiveness possible.

- 2.58. At the other end of the spectrum, much quality enhancement in higher education is not about standardisation or judgements. It is about exploration, innovation, and an element of uncertainty and risk. These may be inhibited by the type of inspection that is focused on accountability.

**Figure 1: Purposes of external QA in higher education**



- 2.59. Many of the review processes discussed in this report combine an element of accountability with an element of minimum standards, and most claim they also wish to promote quality. However, the relationship between these different purposes is clearly complex. We can see how a process aimed at accountability might sometimes incorporate the idea of a minimum or threshold standard, but it is very difficult to see how it could also make a significant contribution to higher standards or quality enhancement, since this requires a very different type of relationship between the institution and the reviewer (the inappropriateness of the term inspection in this area makes the point).

- 2.60. Another way of looking at the purposes of these review processes is in terms of what they are measuring. We have described the primary QAA purpose as academic QA, or 'fitness for award'. Employers and commissioners of contract-funded education are usually interested in 'fitness for purpose' (or 'fitness for employment'). Professional and statutory regulatory bodies are concerned with 'fitness for practice'. There is some overlap between all these purposes, but they are not the same and, typically, need different processes to assure their quality.

- 2.61. In the area of health professions for example, the issues around quality

and minimum standards are commonly articulated in terms of threshold standards to achieve the licence to practise and protection of the public. Skills for Health also notes the importance of:

- growth and development of the health-care workforce
- contribution to a culture of good clinical governance.

- 2.62. In a parallel way, a major focus of Ofsted inspection of Initial Teacher Training (ITT) has been around the raising of standards in order to enhance the professional performance and competence of teachers (another example of protection of the public).
- 2.63. We illustrate some of the characteristics and benefits of different types of review mechanism in figure 2, but this is an illustrative or indicative figure only – it is not part of our findings and if readers do not find it helpful, it can be ignored.
- 2.64. We return to these issues in later chapters.

**Figure 2: Benefits of external QA processes**

Primary purpose	Suitable mechanism	Examples	Main focus/benefits	Secondary benefits	Comments
Promotion and enhancement of high quality	Review by academic peers in a non-judgemental framework which celebrates good practice and does not penalise institutions for admitting weaknesses	QAA DEs QAA Audit Major Review GMC (but also aspects of most other processes)	<ul style="list-style-type: none"> <li>• Peer review and dialogue</li> <li>• HEIs improve quality and make innovations</li> <li>• Improves student experience</li> <li>• Benefits beyond HE sector</li> </ul>	<ul style="list-style-type: none"> <li>• Enhances performance, reputation and marketing of all HEIs and of UK HE</li> </ul>	<p>Needs a culture which is open and flexible to new approaches and looks at outcomes more than processes</p> <p>Not a main focus at present</p>
Ensure minimum standards by identifying weak or unsatisfactory provision	External inspection and/or accreditation against defined codes or standards leading to publication of outcomes and/or sanctions	QAA Audit Major Review PSRBs Ofsted	<ul style="list-style-type: none"> <li>• Ensures threshold standards</li> <li>• Public protection (such as fitness to practice)</li> <li>• Protects student experience</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder confidence</li> <li>• Enhances reputation and marketing</li> <li>• Supports employability and UK plc fitness for purpose of workforce, such as NHS</li> </ul>	<p>Needs agreed standards and equity of approach</p> <p>Has been the main focus of external QA and the academic infrastructure to date</p>
Accountability for use of public funds	External inspection of provision or outcomes	Ofsted FD reviews Major Review	<ul style="list-style-type: none"> <li>• Government and stakeholder confidence</li> </ul>	<ul style="list-style-type: none"> <li>• ensures future funding</li> <li>• protects HEI autonomy</li> </ul>	Also supported by all other mechanisms
Public information about quality and standards	Standardised publication of information on institutional provision and standards	Ofsted TQI/NSS Major Review Some PSRBs	<ul style="list-style-type: none"> <li>• Informs student choice</li> <li>• Further strengthens stakeholder confidence</li> </ul>	<ul style="list-style-type: none"> <li>• May prompt improvements through competitive pressures</li> </ul>	Needs a consistent framework and published results (but not effective if all HEIs get the same rating)

### 3 Academic Quality Assurance – Institutional Audit and Related Activity

#### Introduction

- 3.1. This chapter presents the evidence on the impact of the Quality Assurance Framework (QAF) on HEIs. For most institutions, Institutional Audit is the most visible and significant part of the QAF, and of QA more generally. We therefore give a fairly full account of the evidence we have collected on the impact of Institutional Audit on HEIs. We also review briefly the other parts of the QAF and related academic QA: other QAA reviews; the academic infrastructure; and the preparations for TQI/NSS.
- 3.2. In chapter 4, we discuss the costs of all this academic QA activity.
- 3.3. The evidence presented in this chapter draws upon our work at the 12 case study institutions listed in chapter 1, and on discussions with the QAA. To preserve confidentiality, we use a code letter when we use specific illustrations from individual institutions and a code number when we quote costs.
- 3.4. In each case study institution, we collected data and had discussions with institutional representatives who normally included:
  - senior managers (vice-chancellors and their senior colleagues)
  - deans or heads of large academic units
  - heads of academic departments and their staff
  - the head of any central QA unit, and staff of this unit
  - finance staff
  - staff in other relevant central roles (academic registrars, directors of information services, heads of student support etc)
  - students.
- 3.5. The departments visited included a range of disciplines which had recently been subject to different types of external QA, and some which had not. Many of the academics we met also had experience of QA from previous institutions; from their work as external examiners in other institutions; or from working on QAA audit teams. This added richness to our sample.
- 3.6. Our findings are therefore based on some hard data on activity and costs, collected on a consistent basis across 12 institutions and many academic departments, and on hundreds of conversations and comments covering a spectrum of experience and opinion about the value and costs of external QA. We have synthesised this qualitative information, to derive what we believe is a fair and representative overall body of evidence. This is based on what institutions have told us, but it is not just an aggregation of institutional comments – we have used our professional judgement to interpret and extrapolate, and we have not included views which we felt were particular to one individual or circumstance, or not relevant to the wider remit of the study.

#### **QAA – objectives, processes and costs**

- 3.7. The mission of the QAA is to safeguard the public interest in sound standards of higher education qualifications, and to encourage continuous

improvement in the management of the quality of higher education. The purposes which QAA has defined for Institutional Audit were covered in chapter 2.

- 3.8. The background to the establishment of QAA was also outlined in chapter 2. The QAA was established in 1997, taking over roles previously held by HEQC and the funding councils. It is a private company limited by guarantee, and a registered charity. The members are the representative bodies of the heads of HEIs in the four countries of the UK. The agency is funded approximately 30% by institutional subscription, and 70% by contracts from the HE funding bodies and Government.
- 3.9. QAA's annual turnover is approximately £10m. It employs about 130 staff. It retains a pool of approximately 300 auditors drawn from UK academics. They are trained by QAA and are deployed on Institutional Audit and other related functions. Individual reviewers are paid by QAA, but their institutions provide their services without direct recompense.

### **Institutional Audit during 2003/04**

- 3.10. The programme of Institutional Audits began in January 2003. The overwhelming majority of HEIs received a judgement of broad confidence, although usually with some recommendations. The whole sector in England will have been audited by the end of 2005.
- 3.11. All 12 of our case study institutions have experienced an Institutional Audit. The earliest audit in our sample was at Cumbria Institute in March 2003, and the most recent at Greenwich in June 2004. The number of DATs varied from one at Trinity College of Music to six at Birmingham, Bradford and Cambridge. Two institutions (Cambridge and Wolverhampton) had also experienced a thematic enquiry.
- 3.12. Several had also experienced other QAA events in this period:
  - Developmental Engagements
  - foundation degree reviews
  - reviews of overseas provision.

### **QAA's costs of review**

- 3.13. QAA provided information on the average cost of its review activities for 2004/05 (budget costs) as follows.

**Table (i): QAA's costs of review activity**

Total costs of QAA review activity	£3.7m
QAA costs of individual reviews:	
Developmental Engagement	£5,600
Foundation degree	£10,800
Institutional Review (Wales)	£18,600
Major Review (health)	£19,400
Institutional Audit (with DATs)	£23,400



- 3.14. These costs are averages. The costs of an Institutional Audit for example vary from around £12,000 for a very small institution, to around £27,000 for a large one. The main cause of variation is the size of the review team, which varies from four to seven auditors, but location will also be a factor.
- 3.15. For 2004/05, QAA budgeted the following numbers of reviews relevant to this study:
- 47 Institutional Audits
  - 69 foundation degree reviews
  - 32 Major Reviews
  - two collaborative audits
  - one overseas audit (involving five HEIs).
- 3.16. QAA does not have specific information on the cost of DATs, but it seems a reasonable assumption that DATs add one member on average to the size of the review team and approximately £3,000 to the cost of an Institutional Audit for the QAA<sup>9</sup>.

### **Institutional Audit**

- 3.17. In this section on Institutional Audit, we cover:

- the context we found in institutions
- headline views on Institutional Audit
- preparation for audit
- self-evaluation and documentation
- DATs
- the audit visit and review team
- outcomes and benefits
- student involvement.

### **Recent history and context for the evidence**

- 3.18. We found universal acceptance that some form of external inspection is necessary for public accountability, and also that it delivers significant benefits to institutions (as well as being required by other stakeholders). No one argued that the principle of Institutional Audit by the QAA was inappropriate.
- 3.19. It is also widely acknowledged that the past QA processes had a necessary and beneficial effect in establishing and demonstrating a consistently good level of quality across the sector, in maintaining the reputation of the UK's higher education, and in helping many institutions to mature in terms of academic quality assurance.
- 3.20. However, the past processes are seen as having been unduly burdensome and are perceived to have been conducted in a way which was designed to 'catch institutions out' rather than to encourage openness and dialogue. One institutional manager commented that:

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<sup>9</sup> Each DAT typically takes a half-day within the audit visit and involves two members of the review team.

*'These processes were based on the false premise that something is wrong which cannot be corrected through partnership and collaboration.'*

- 3.21. This approach led to an element of what institutions perceived as 'punitive inspection', which in turn encouraged an adversarial atmosphere in which a review was something to be 'survived' (and reviewers to be out-witted) rather than an opportunity for learning and reflection.
- 3.22. This negative view in institutions focuses chiefly around two main concerns: the excessive volume of paper and preparations required by review bodies, and the undue volume of multiple inspection of the same provision, often by different agencies with no co-ordination between them. We found ample evidence to support both these complaints (which were also noted in the PA and BRTF reports we have already described).
- 3.23. As is well known, Subject Review could lead to a huge volume of paper being produced (most of which could never be used), and to massive disruption to academic work in the departments where it occurred. This also had serious impact on strategic developments at institutional level. To illustrate this burden, one small social sciences department told us that it had lost the equivalent of four research years; one of our larger case study institutions had experienced 18 Subject Reviews between 1999 and 2002 with consequent planning blight and delay to necessary institutional development; at a large university 99 modern languages teaching sessions had been observed as part of a single Subject Review.
- 3.24. The second common complaint was the lack of harmonisation of data requirements - or the inability of the different agencies to trust each other. It has been common for two or more agencies to visit the same academic department, reviewing the same small number of staff, and the same common management and QA processes, but each being unwilling to rely on the documentation produced for the others. A number of the departments we visited had experienced three or even four different reviews within the space of the past three-to-four years, and some types of review can appear to be almost permanent (the education school in one institution was about to have its third Ofsted visit of the year at the time of our visit).
- 3.25. While they may reflect past processes, these perceptions were strong in the memory of many staff we met, and any streamlining of QA review processes will take some time to be fully perceived.
- 3.26. However, it is important to acknowledge that there were significant developmental benefits in both Ofsted inspection and Subject Review, despite these tensions. For many academics, doing well in these reviews was a matter of great pride and importance, and thus became a strong motivator for improvement in institutions, which they readily acknowledged.

### **Views on Institutional Audit**

- 3.27. Against this background, there is a widespread welcome for Institutional Audit as a more mature and less-intrusive process, which looks at institutional management and QA processes rather than directly at primary evidence such as teaching or student work. Institutional Audit is often described as a 'civilised and appropriate' mechanism, a 'real peer review', and there is praise for the good relationships that QAA assistant directors are establishing with institutions.

*'It is valuable to have a professional and supportive external review and the relationship with QAA is now very satisfactory – a good relationship with the assistant director; good dialogue before the audit; respected and knowledgeable auditors; an efficient and helpful secretary; and overall an experience which added value rather than being seen as narrowly punitive or 'trying to find fault' as in some previous experiences.'* [C]

*'Any body spending public money must be reviewed. It is important to know the standing of qualifications – for staff, for students, and for UK HE. We are positive about peer review and the change from Subject Review to Institutional Audit. This has opened up closed parts of the university and given levers for improving the student experience. It can also help with spreading good practice and consistency of the student experience.'* [G]

- 3.28. One institution commented that the change to Institutional Audit has shifted the balance of effort from the schools to the centre of the university – this is probably welcome and appropriate.

- 3.29. Another benefit is that:

*'The periodic nature of Institutional Audit has created windows of opportunity for institutions to reflect and advance their processes – under Subject Review there was no year when QAA were not in the institution and no chance to do this.'* [M]

- 3.30. There are also less positive views. Many relate to specific aspects of the way audit has been implemented, which we discuss later in this chapter.

- 3.31. Three more general criticisms were regularly made, which we believe are of general importance.

- 3.32. First, while Institutional Audit is greatly welcomed, it is 'still a regulatory process with risks associated', and institutions regret that it is not a more developmental and supportive process. Many of those we met would like to see a 'much more developmental' approach in which quality enhancement was a much higher priority. While it is probably too early to assess the experience in Scotland, many institutions were aware of this different approach (which is perceived to be more trusting and more developmental) and were attracted by the concept.

- 3.33. Second, almost all institutions find the judgement of 'broad confidence' unsatisfactory as it does not enable them to celebrate any areas of real excellence, and it is difficult to explain to overseas students or partners:

*'The terms are hard to bear for course teams. What does 'broad confidence' mean? What does it mean to students? ... Broad confidence suggests "alright".'* [R]

*'It's crucial for governors to get an impression of how the institution's performing ... we had to explain that broad confidence is the best you could get.'* [S]

- 3.34. The third, much broader, criticism is that other parts of the QA landscape do not appear to have matured in the same way. Institutions regret that other review processes, such as foundation degree reviews (which are not part of the QAF) do not appear to fit so comfortably within the new approach. And, many are concerned that, while the Institutional Audit process has matured, if the other agencies which conduct external reviews continue to work to the old paradigm, the overall benefit in terms of

reducing burdens for HEIs would be significantly reduced.

*'We welcome Institutional Audit but are concerned at a lack of coherence in the QA framework. A framework should make an integrated whole, in which each element makes a distinctive contribution to clearly stated objectives.'* [T]

### **Initial preparation and briefing**

- 3.35. Institutional preparation for audit typically starts more than a year before the date of the audit. It was common for institutions to establish task teams or steering groups to review their internal processes (academic infrastructure) and to begin early drafting of self-evaluation documents. For example, institution S set up a team of 15 people about 18 months before the audit was due. In institution J, two staff led preparations and wrote the self-evaluation document (SED). They began about 10 months before the audit and they established an audit preparation group of about 10 people who acted as the place for institutional ownership of the process.
- 3.36. There are a number of informal contacts with QAA during this preparation and briefing period and institutions regard these helpful.
- 3.37. The first formal contact with QAA is at the preparatory meeting, which is attended by the QAA assistant director and normally held several months before the audit visit. Most institutions found this a helpful and reassuring part of the process which enabled them to clarify (and therefore limit) the type of preparations they would have to make for the audit visit. It also enabled them to begin to understand the scope and nature of what was (for most of our sample) still a new process.
- 3.38. However, more than one institution commented that the scope of the audit (or of the documentation requested) appeared to change significantly from their recollection of the preparatory visit.

*'The relationship with the assistant director was good, but there was no formal record of the preparatory meeting and when the team visited they requested detailed information about areas which the university understood were not to be included. They then focused on these areas to an extent which made much of the preparatory work the university had done nugatory. The absence of a chair for the review team meant that although the university considered the focus of the review was being distorted there was no way to redress this except for the university to attempt to do so itself.'* [T]

- 3.39. This concern was experienced in a similar way by other institutions. In all four cases, the uncertainty was around the treatment of collaborative provision and this appears to suggest a systematic problem.
- 3.40. A few weeks before the visit (the period appears to vary), institutions are made aware of the areas to be reviewed as DATs. Views vary about whether HEIs were able to negotiate these with the QAA, but most HEIs felt the choice was reasonable and not surprising.
- 3.41. In one case, the discipline areas initially requested by the QAA were very broad (and potentially covered nearly half the whole institutional provision). The institution was able to negotiate a sensible reduction in this by limiting coverage in one chosen discipline to certain programmes only. In order to reduce burdens, QAA does not normally seek DATs in

disciplines with other government reviews such as teacher training, medicine, and the institutions welcomed this.

- 3.42. This was a critical point in the process for most institutions as departments to have DATs were now able to begin preparation of SEDs (equally importantly, others which might have been put on alert to do so could stand down). The preparation time for these departments is limited - which is a sensible way to minimise preparation and costs - but this can cause problems for institutions if it falls during a holiday period when key academics are not available. It can also be problematic for large departments who may have to prepare many programme or module boxes at short notice. More generally, QAA is 'blind' to the calendar, but this can cause problems, for example:

Institution G was notified of DATs at the very end of the summer term, and this caused stress for staff who would not have expected to be in the institution during the short period needed for preparation.

A senior manager in institution R was unable to participate in a family holiday as a key preparation time fell during the summer vacation.

The student meeting for DE at institution G was scheduled for the same day as student final examinations.

### **Self-evaluation and documentation**

- 3.43. QAA stresses that self-evaluation is an important part of the process of Institutional Audit, and if it is well done an institutional self-evaluation will deliver much of the benefit of the audit, and the document (SED) will be largely reflected in the report of the audit.
- 3.44. All the institutions we visited had prepared a SED. Typically, this is (and should be) a significant strategic institutional statement, usually presented as a bound document of around 50 to 100 pages, with a large number of footnotes and references to other documentation. In some cases, the institution had created a CD-Rom with web links and special access to the institution's internal documentation so that review team members could browse all the background documentation they might want to see.
- 3.45. Often, the preparation of the SED was seen as a significant opportunity to involve a wide range of staff. For example, institution O produced three main drafts of its SED and held a half-day session for all heads of departments to review one of these.
- 3.46. The tone and value of SEDs varied. A (slightly cynical) view is that this is a document that presents the institution in the best light, and 'we will only reveal weaknesses that we wish to' (with the unspoken implication that not much was learnt from it).

*'The SED creates a lot of work and does not enhance quality.'*

However, several SEDs we saw went further than this, and the institutions gained correspondingly more benefit.

- 3.47. Three institutions in our sample stood out by writing a genuinely self-critical SED. This was perhaps a risk, but the QAA team responded to this

in the right spirit, and as a result the audit had more of a developmental element and was helpful to the institutions. One now uses this SED as a staff development and staff induction tool.

- 3.48. Practice on preparing documentation varies. Under Subject Review it was normal to have a large room full of box files (often many hundreds of boxes) containing course and module documentation which review teams wish to look through when they are following audit trails. All case study institutions agreed that under Institutional Audit, the need for this paper bank is reduced, but most had still created base rooms and module boxes. The need for these is often focused around the DATs.
- 3.49. This need was reinforced by some ambiguity about the requirements (which were clearly interpreted differently by different institutions), and, unfortunately, by a few reviewers not accepting electronic access.

*'Institution S was asked to print out module boxes for 300 modules (despite the fact that all this data was available electronically), although only 10 were looked at by the reviewers. This resulted in a trailer load of paper being dragged around the ring road by a senior academic and a senior administrator.'* [S]

- 3.50. We have other similar examples. We understand why auditors will occasionally wish to have hard copies, but it would reduce stress and costs if it was accepted by all reviewing agencies that, as long as convenient electronic access is provided, only a limited number of key documents had to be produced in hard copy. One institution made the good point that it would force institutions to improve their own internal communications to academic staff if QAA reviewers were to adopt a policy of relying on the same internal systems. Institution S has established an 'electronic base room' for its staff for this purpose.
- 3.51. The QAA guidance on this in the handbook refers back to the Cooke Report (HEFCE 02/15), and QAA talks about, for example, needing to be able to see a sample of relevant documentation. There is some scope for uncertainty here.
- 3.52. One institution was clear that 'base rooms and module boxes are not appropriate to Institutional Audit' and they had adopted a different approach with correspondingly greatly reduced costs and disruption (although they had not implemented this in all departments). Two further institutions had also adopted this 'efficient' approach (C, I and J).
- 3.53. Some institutions held full dry runs or mock audits, usually involving external participants (often trained QAA reviewers known to the institution) who were sometimes paid to participate. Similarly, departments to have DATs often had a review by staff from a different department or from other HEIs. Access to QAA auditors was particularly valued in this role. One institution established a 'DAT-pack' made up of senior academics from non-DAT departments to provide support (for example, by acting as critical readers).

### **Discipline Audit Trails**

- 3.54. DATs are included in Institutional Audit as a mechanism to allow reviewers to sample the way that the Management and Quality Assurance (M&QA) processes are working in practice in a specific discipline area. As already noted, institutions typically have about four-to-six DATs. This number

depends on institutional size (but only very broadly as the range of student numbers at our sample was from 600 to 20,000). Most institutions expressed themselves satisfied with the way DATs were selected.

- 3.55. DATs are not generally undertaken in disciplines such as health, medicine, education, which are already subject to other review processes.
- 3.56. QAA includes a subject specialist for the disciplines having DATs in their review teams. For practical reasons, this is not necessarily a 'real peer' for the academics concerned in the sense of someone who is as expert as they are. For example, an historian reviewed a theology DAT, and in some very specialist disciplines (such as peace studies) it would be very difficult for QAA to find a suitable expert reviewer without much greater notice. However, this should not be an issue as the purpose of DATs is not to replicate Subject Review on a smaller scale. One institution noted that a reviewer from a related discipline was very effective in this role.
- 3.57. Most departments involved in DATs also prepared a SED. Typically, these are shorter and less complex than institutional SEDs, but still represent a large effort. The QAA guidance allows institutions not to produce a SED for a DAT if there has been an internal periodic review (as defined in the Code of Practice) within the previous two years. Few took advantage of this dispensation, but we did find two cases (institutions C and J) confident enough in at least one department not to replicate work already done for a recent previous review.
- 3.58. Institutions differed widely in the extent to which DAT preparations were devolved to heads of departments; whether central staff were attached to assist (in one, exceptional, case, they wrote the department's SED); and how far uniformity of style and cross-institutional exchange and learning was or was not required or facilitated.
- 3.59. Institution C had specifically seen the implementation of the QAF as an opportunity for change and rationalisation of their QA processes and documentation. They had centralised responsibility, and standardised their internal processes around their understanding of what QAA would require. As a result most of their DATs (which were in areas where they had already conducted internal reviews) were able to proceed with very little additional documentation.
- 3.60. Institution J was interesting in that one department (chemistry) had recently had an internal review and took the decision to submit this documentation to the QAA with the SED consisting only of a two-page cover directing reviewers to the existing documents. A second department (law) which had had recent changes decided to go for a root and branch operation because the head of department felt this would be valuable for the department, and they created a base room and programme boxes for the DAT. The costs of the DAT in law were, not surprisingly, three times the costs in chemistry.
- 3.61. In another institution, there was an even more extreme variation with two departments spending the equivalent of 10-12 person weeks on preparation for their DAT, while another spent more than 120 weeks.
- 3.62. Overall, few institutions or departments had the confidence of those at C and J. A more typical view of DATs was:

*'The DAT approach did not appear to be light touch for the academics involved. The amount of paperwork required shocked them, as did the need for all the*

*paperwork to be filed and available in one place on one day. However, the experience on the day of the discussion with the external auditors was felt to be helpful professionally. The academics involved did feel the auditors were their peer group.'* [consultant's report on institution G]

- 3.63. Early in the audit programme, there appears to have been some uncertainty (or differing views) among audit teams about what institutions were required to produce, and also some difference in the guidelines being used by reviewers and by institutions. This was probably a teething problem, but it led to some institutions doing more preparation than QAA actually required.
- 3.64. One of the factors that cause 'over-preparation' is that it appears to be largely left to QAA's expert reviewers to determine what information they wish departments to prepare for them in DATs. While less than in Subject Review, there are still tendencies by some to treat this as a 'trial by paper' and we have anecdotal evidence of this, for example:

A reviewer at the institution mentioned in 3.41 above still insisted on having course handbook documentation made available for all the programmes which were now excluded from the review. [O]

One reviewer (not at a case study institution) did not request a significant volume of paper or number of staff to be made available for his DAT but was advised by QAA that 'the institution will be disappointed if you do not ask to see more'. He complied, reluctantly, but with no intention of reading the additional documentation.

One reviewer had asked for a large number of staff to be made available, including some from outside the institution being audited. In the event, none of these was interviewed and the institution felt that the time of many staff (and students) had been wasted. It was particularly difficult to explain this to partner organisations. [T]

- 3.65. DATs appear to have some of the features of a compromise. They do not provide the rigorous professional judgement of Subject Review or a PSRB accreditation, yet as practised they retain elements (such as the need to view student work and heavy documentation requirements), which make them potentially detailed and expensive for institutions. Some institutions and auditors feel that DATs can be valuable (and some academics regret the loss of the more exacting and public Subject Review). However, DATs add significantly to the cost and pressure of audit – for QAA as well as for institutions; they also arguably skew the ethos of audit in an undesirable direction. We question whether they add sufficient value to justify these negative impacts.

#### **The audit visit and the review team**

- 3.66. Many institutions commented that the visit itself was a positive experience with a non-adversarial atmosphere and a well-prepared review team of respected professionals:

*'There was no point scoring' (M).*



- 3.67. However, with the much broader remit of audit (compared to Subject Review), some reviewers appeared to struggle to lift their sights above the detail or to understand the broader institutional context. Some 'wanted to go over the past' even though the institution felt things had changed so much this was a waste of time.
- 3.68. In a few cases, institutions had a complaint about the choice of reviewers. There will always be occasional reviewers with 'baggage' and QAA cannot avoid this altogether. However, it does seem a good principle that a majority of reviewers (but not all) should be from institutions that the audited institution recognises as of at least equivalent academic standing, with relevant experience of an HEI of similar size and complexity. In one or two cases, institutions being audited did not feel this was the case.
- 3.69. A significant number of institutions made a point about the composition of teams, and the way the work is divided. They noted that the team was not really a team, but a group of individuals, each dedicated to pursuing a certain area of interest, and without a leader. This led to some repetition; to a lack of integration in the discussions and the report; and it meant that there was no-one to look at broader strategic opportunities, or, conversely, to put things back on track if needed. This was manifested in a variety of ways:

*'The review team seemed very reluctant to understand that the university had moved on (since a previous audit) and this wasted a lot of time re-running old issues.'* [M]

*'One auditor had difficulty grasping that the way this institution works is really very different from his own.'* [M]

There were simple misunderstandings – when auditors were pursuing lines of enquiry which were inappropriate – but no easy way to address these;

In four cases reviewers wished to focus on collaborative provision in a way which the institution had been led to believe was outside the scope of this audit (and for which they had not prepared). In one case, this led the institution to abandon a small but successful widening participation initiative. (N, O, R and T)

One reviewer made what appeared an inappropriate request for large volumes of documentation to be prepared overnight causing considerable stress to junior staff. [O]

One institution was asked very general questions including 'demonstrate evidence of change management' and found it hard to know where to start, and what evidence could be acceptable. [O]

- 3.70. Not all institutions had this experience – some were complimentary about the way the audit team worked and commented on how well prepared and professional they were, and on the role of the core auditor in facilitating this. But the examples we have just cited are more than just isolated incidents. They were significant for the institutions concerned.
- 3.71. These concerns are undoubtedly connected with the great expansion in auditor numbers (which has been driven particularly by the large number of DATs and foundation degree reviews which QAA has had to staff). Some experienced auditors we met regretted the fact that this expansion

has 'taken some of the professional interest out of the job' and it has forced QAA to look much wider for auditors, with some dilution of the seniority, calibre and commitment of auditors. This is unfortunate at a time when the new process of Institutional Audit has an opportunity to establish itself as a higher-level and more developmental experience for institutions.

- 3.72. However, if institutions feel they are being put under non-productive additional stress, the answer to this is partly in their own hands. A confident institutional manager who has a good relationship with the QAA can challenge whether such requests are really necessary (and some do so). QAA advises asking what question the reviewer is interested in answering and whether there could be other, less burdensome, ways of helping this enquiry. We would like to see more institutions confident enough to do this. However, we can understand that it is sometimes hard for the institution being scrutinised to do this (and in one case, such a query was squashed with a 'get on and do it' reply). A larger responsibility must lie with the review team to avoid unnecessary demands adding to the pressure on institutions to 'over-prepare', and to the costs of audit.
- 3.73. A related point is that as each reviewer is delegated to concentrate on certain aspects of QA, the dialogue during the visit can become disjointed and repetitious, and this can be reflected in draft (and some final) review reports. On occasions where one reviewer is unavailable to comment on drafts, institutions have noted that QAA seems unable to progress editing that reviewer's section of the report – with consequent adverse impact on factual accuracy, quality, and evenness of the report. An appropriately senior and confident core auditor should be able to take more of a role here, provided the system allows for this.
- 3.74. We note in passing that the system in Developmental Engagements is different, given the role of co-ordinating reviewer that permits one reviewer to lead the visit and the report preparation.
- 3.75. A final point concerns the end of the audit visit. There may be an end-of-audit meeting, but some institutions we visited had not experienced one and gave the perception that the review team just fade away. After what may have been months of gruelling work, and a week of considerable stress for some staff, it is probably important to have some kind of closure for those involved.

### **Outcomes and benefits**

- 3.76. All the institutions we visited expressed themselves satisfied with the outcome of the audit in the sense that they felt the process was professional and the judgement made was fair. In one case where there was a disagreement over the scope of the audit, the institution felt the judgement was fair, but did not believe the review team had properly gained the evidence to reach its conclusion.
- 3.77. However, several institutions commented that they found the audit report disappointing in more than one sense:
- the judgement of 'broad confidence', as we have noted, did not enable them to celebrate any areas of real excellence, and it is very difficult to enthuse staff or explain to overseas students or partners that this is 'the best outcome available for a high quality institution'

- the report did not appear to ‘add much value’ beyond what was already in the institution’s SED.
- 3.78. These points reflect the way Institutional Audit is done, and they are not necessarily a criticism of the review teams, or of QAA. However, since it is a process which is of such importance to institutions, many would have liked to have a report where the quality of the insights and drafting was higher, and they would have liked more willingness to acknowledge and celebrate good practice where it was found. This would require a shift of emphasis, and a single author with more time available than is possible on the current QAA model for audit. This could add significant benefit at little cost.
- 3.79. A potentially more serious criticism was raised by a small number of those we met. They believed that only small or vulnerable institutions get poor reports, and questioned whether reviewers were unduly influenced by the reputation of institutions.
- 3.80. Despite these points, there is no argument that there are significant benefits for institutions from Institutional Audit. Institutions gave us many benefits they perceived, and we have reproduced some of these to give a flavour of the points made. (This is not a comprehensive list, some points were made by more than one institution, and not all the points are of equal significance.)

*‘A useful external check on quality and standards, which can also help internal improvement.’*

*‘...helps the university to value its own academic processes (and, for example, to resist the more instrumental approach to HE required by some funders)’.*

*‘The QAA provided a ‘good practice framework’ around which our own Subject Review process was designed.’*

*‘...forced the university to address a number of areas that needed attention’.*

*‘It was a very important reassurance and confirmation for the institution.’*

*‘UK HE benefits nationally from having a system with bite.’*

*‘Writing the SED is a mechanism for pulling the university together after a process of restructuring.’*

*‘It involved library and support staff in a way which was very positive for them and for showing that this is a team effort.’*

*‘DATs encourage academics to reflect on their practice and to think about how the systems relate to their work.’*

*‘It caused us to check things which as busy people we wouldn’t otherwise have done.’*

*‘It helped to involve, and broaden the experience of, part-time academic staff.’*

*‘It enhanced student involvement and the student experience.’*

*‘It helped to disseminate good practice and contribute to efficiency in the institution.’*

*‘It helped with our reputation and ability to attract good students.’*

*‘One department was “so pleased with its DAT report it circulated (it) to all the people on our Christmas card list”.’*

*‘It was a lever to bring less co-operative academics into line.’*

*'QAA is a bit like being hangd in the morning. It concentrates the mind.'* [S]

*Referring to DAT: 'Out of the darkness of all the extra work comes the light of achievement.'* [S]

### **Student involvement**

- 3.81. One of the successes of Institutional Audit has been student involvement. Many institutions made the point that they already had close relations with students in respect of QA. Student representatives are normally included in all the main QA committees and processes in institutions. However, the experience of preparing for audit had facilitated a dialogue with the students' union which was valuable for both parties. In particular it was refreshing to have a renewed focus of attention in this dialogue on the core business of student learning.
- 3.82. At nearly all our case study institutions we had discussions with students who had been involved in preparing student submissions to the QAA for the Institutional Audit, and in the audit visit. (In some cases, this involved the institutions contacting students who had now left the university and we are grateful to both the institutions and the students for the efforts they made to meet us.)
- 3.83. The students' perspective was at least as positive as that of the institutions. They appreciated being involved in the audit, and had generally made very full and constructive submissions. These were generally perceived by their institutions as having been very supportive of the institution in the audit.
- 3.84. It is worth noting that it can be a significant effort for a students' union to prepare a submission. Some conducted student surveys as part of the process, and this can be a relatively daunting process (sometimes the parent institution provided material assistance while protecting the independence of the results). The National Union of Students (NUS) nationally provided training and support to students' union officers (with QAA participation). Many of those involved would have appreciated rather more specific written guidance from QAA, particularly in respect of the data collection expected. For smaller unions, freeing officer time for this involvement was a real issue. However, the NUS stressed that students perceive it as being valuable.

## **Other QAA reviews and related activity**

### **Developmental Engagements**

- 3.85. Developmental Engagements were introduced as an interim measure to aid the transition from Subject Review to Institutional Audit, and several of the case study institutions had experienced DEs. The model for DEs is rather different from that of Institutional Audit. There is a team of four, which includes a review co-ordinator, a subject specialist, an auditor, and an institutional nominee. A visit lasts two days and leads to a short report which is confidential to the institution, QAA and HEFCE. QAA did over 150 DEs during 2002/03 and 2003/04, and in all cases, these resulted in judgements of confidence.

- 3.86. In a couple of cases, institutions would have preferred to have a cross-discipline DE, but HEFCE was unable to allow this, as there was pressure for subject-related assurance.
- 3.87. Institutions had mixed views about DEs. They were not generally perceived to be 'light touch' (although less intense than Subject Review). Most institutions found them a positive experience, but some staff regretted the lack of recognition the outcome received.

### **Foundation degree reviews**

- 3.88. Reviews of foundation degrees (FDs) are not part of the QAF. The purpose of these reviews is to investigate the distinctive features of foundation degrees (which include complex partnership arrangements and work-based learning), to establish the quality of the students' learning experience and to investigate whether each programme is likely to meet the standards of a foundation degree award. HEFCE decided that a separate review of foundation degrees needed to be undertaken as they were the first new major HE qualification developed in 25 years (and confidence in them needed to be established). QAA was asked to carry out a large programme of FD reviews, and four of our case study institutions had experienced these and commented on them.
- 3.89. Institutions' view was that it was too early to review FDs before the first cohort of students had graduated. The review was therefore seen as a further accountability requirement rather than a developmental review. Some felt the limited focus and paperwork kept costs low, but one smaller institution was concerned that the burden was heavy in relation to small student numbers ('QAA are sending five assessors for two small courses'). One noted that the QAA handbook is 'bigger than for the whole of Institutional Audit'.
- 3.90. We understand the policy interest in FDs, which led HEFCE to commission these reviews. However, the volume of new review activity appears large in relation to the 'lightness of touch' policy now in force.

### **The Academic Infrastructure**

- 3.91. As part of our investigations at case study institutions, we learnt a good deal about institutions' attitudes to the Academic Infrastructure (see paragraphs 2.44 – 2.49), and the way this had been implemented.
- 3.92. In general, there is support for the concept of a set of consistent mechanisms across the sector. Institutions also made comments on these mechanisms.
- 3.93. The Framework for Higher Education Qualifications is seen as useful, necessary and not burdensome for HEIs.
- 3.94. Subject benchmarks work well in certain of the more vocational disciplines where there is external control of the curriculum ('in engineering 80% of the curriculum is determined by the accrediting professional bodies' – institution M). However, for a number of disciplines (such as philosophy) they are pretty meaningless ('one could write almost the same statement at GCSE level' – institution J). They are not seen to create a huge amount of work for HEIs.
- 3.95. Programme specifications have been an issue for a few institutions. Most

agree that the concept is right, but a few resent the perception that they all have to be written down in exactly the specified format or the QAA will 'mark us down'. In one or two cases, this led to large peaks of work ahead of a QAA audit.

- 3.96. The Code of Practice arouses some ambivalence. Some institutions say it is much too big: 'why not just limit it to the precepts' (and we note the BRTF comments), but at the same time a number of HEIs would like QAA to be more specific in its guidance.
- 3.97. External examiners are universally agreed to be very important. They are the real check on student work and on standards. It is important to protect and enhance this system. There are worries that TQI may (unintentionally) damage it. Several institutions would like to see the external examining process enhanced and made more central to a more developmental approach to audit. One institution suggested that full and frank external reports could go to QAA as part of the audit process – 'much more sensible than publishing them via TQI'. And, 'extending the external examining role could be more valuable than DATs'.
- 3.98. We had a couple of examples where the Academic Infrastructure was not fully in place before the QAA audit. This meant that the audit created a good deal of work for the institution. We have not counted this as a cost of the audit, but it will have been perceived so by some academics. The institutions recognised this, and saw the outcome of the audit as beneficial in this regard.

### **TQI and NSS**

- 3.99. Inevitably, we only have provisional views based on the preparations for TQI and NSS, as neither has yet been fully implemented, and it is too early for any benefits to have been appreciated. The main views we obtained were as follows:
  - Institutions are not convinced that the present design makes sense. They support the concept of information for students and of student surveys, but there is concern that a 'one size fits all' format is being imposed without regard to institutions' existing activity, and that this will, in effect, damage institutional diversity and the meaningfulness of information for students and others.
  - In particular, several institutions were unhappy at the way that use of Higher Education Statistics Agency (HESA) data, JACS codes, and the rounding down of small student numbers would unfairly damage the perceptions of their institution. Some had to incur extra costs (such as establishing a new parallel website) to compensate for misleading impressions of the institution's provision on the Higher Education Research Opportunities (HERO) website.
  - Those with active and successful student surveys fear that the National Student Survey will damage their students' willingness to provide the more detailed and more meaningful local feedback which they find valuable and which is more useful to prospective students.
  - They perceive it has been poorly implemented, in particular they are unhappy at the way the rules keep changing – this has led to extra costs for some institutions. Institutions also regret the lack of helpful central guidance on common issues like data protection.

- There is a split in opinion about whether it is a burden – a few find it is, others say 'no big deal', but none felt that the benefits will be sufficient to justify the extra work involved.
- There is a concern about the effect of 'dumbing down' external examiners' reports for publication.
- They are not convinced that many students will get any real value out of it.

3.100. However, it is important to note that it was not part of our remit (and it is anyway too early) to seek wider views on the benefits of TQI and NSS outside of HEIs. The NUS made the point to us that it supports both TQI and NSS as providing information for students to make the right choice for their needs and this view was echoed by many of the students we interviewed, who felt such information would be helpful and informative for prospective students. They are keen that both TQI and NSS are evaluated from the students' point of view as soon as practicably possible. It is also important that TQI is part of a change which included the end of Subject Review.

3.101. We feel some sympathy for those who are charged with implementing this initiative. It was never likely to be easy or popular with institutions. (And of course a wider study than ours might well find significant support for it outside of institutions.) Nevertheless, we perceive that institutions are raising some serious concerns which need to be addressed in an open manner.

## 4 The Costs of Academic Review Activity

- 4.1. In this chapter, we summarise the evidence on the costs of the academic QA review activity described in chapter 3. We also explain the approach we have taken to costing more generally.

### Types of cost to be considered

- 4.2. For completeness, we could note that the institutional costs identified in our work summarised in chapter 3 fall into four main types which could potentially be considered as part of the costs of an Institutional Audit or other review process:
- a. **Specific institutional costs of a review.** This is the specific cost related to a particular audit event such as one Institutional Audit. It would include academic and management staff time spent in activities directly related to the audit or review including: briefings and preparations; writing SEDs; assembling documentation; and attending meetings with QAA and with the review team. It would include some time devoted by other staff supporting this process (secretarial, administrative, IT, library, student support etc). It would also include minor costs associated with providing accommodation, IT support, and refreshments for reviewers, and printing documents.

The costs here also include a share of estates and indirect costs which are real costs at all institutions and need to be allocated to QA activity, just as they are to teaching or research.

- b. **Associated institutional costs of review.** This is the more general cost incurred by institutions as a result of the existence of the programme of QAA work, but not solely driven by one individual audit event. It could include improvements made to their systems and documentation in advance of an audit; it could include the costs of implementing recommendations made in audit reports; it could include the cost of making academic staff available to work as auditors for the QAA.
- c. **Consequential costs of review.** This would include damage to reputation. Some institutions could identify negative consequences from audits, such as closure of poorly performing departments or courses, and loss of key staff. This is more strongly relevant in the case of Ofsted inspection described in chapter 5, where some institutions incurred loss of student numbers and income.
- d. **Non-financial costs.** These costs cover disruption and lost opportunity. These would include costs incurred through changes in institutional behaviour (such as becoming risk averse or less willing to innovate) and costs where senior managers and academics were effectively prevented from doing things they would otherwise have done because they were preparing for a QAA audit. Institutional developments, research, and scholarship were the most common areas mentioned here but also innovation in teaching and learning,



and even student support. We would also include impacts such as stress imposed on staff by review.

- 4.3. We have assembled a base of robust quantitative evidence on the specific costs of audit or other review to institutions (a). This is the main focus of our assessment of costs and benefits.
- 4.4. We have not included costs of type (b) or (c).
- 4.5. Arguably, the associated costs at (b) are things that institutions should be doing anyway in order to comply with the Academic Infrastructure and accepted good practice. In the case of the consequential costs (c), the inspecting agencies could argue that loss of poor quality provision is a benefit of inspection, not a cost.
- 4.6. However, we believe that the non-financial costs (d) are an important and relevant part of the overall burden on institutions. These are very difficult to quantify.
- 4.7. The analysis of costs we provide in the rest of this report is therefore focused primarily around the costs of type (a), that is, the cost that institutions incur specifically in preparing for and receiving an external QA visit or inspection. We have built these costs 'bottom-up' by including a number of elements, which are listed in paragraph 4.8 below. In most cases, the major cost is staff time, which we have counted in hours, days or weeks as appropriate and costed at an appropriate average salary-cost band, with appropriate TRAC indirect costs added. The staff time is of course an estimate, but these details were generally fresh in the minds (and diaries) of most staff we met and many of them provided corroborating evidence (such as timetables) so we have confidence in this evidence.
- 4.8. For example, at institution G, the total cost we calculated for its Institutional Audit was made up of the following elements, each of which we costed separately:
  - agenda time for academic standards committee
  - Institutional Audit (IA) working group meetings
  - first drafting of SED
  - departmental briefings
  - coordination by deans
  - pro vice chancellor overview
  - departmental administrators' review team
  - dry run events
  - student briefing meetings.
- 4.9. We have similarly built up costs relating to a DAT in each academic department. For example (from a computer science department):
  - deputy head of department's time spent on writing SED
  - head of department's input on overview of preparations
  - department administrator time at university organised awayday
  - departmental workshop for all academic staff
  - staff involved in both the audit day and a dry run.
- 4.10. This bottom-up approach, coupled with the chance to discuss and test estimates leads us to believe that the estimates of time and cost we have made are unlikely to be seriously in error, although there is an inherent element of uncertainty in apportioning time between externally-generated

QA and work that would be done anyway for internal purposes. Overall, we believe error bands are likely to be around 10% to 20%.

- 4.11. The costs in each case study institution were full costs for 2003/04, established using a standard methodology based on TRAC principles<sup>10</sup>.
- 4.12. We have used a standard staff cost for all staff involved in QA activities of £77,500 (at 2004/05 pay levels). This figure is composed of two amounts: £52,500 direct staff costs including 'on-costs' (superannuation and national insurance); and £25,000 for indirect and estates costs of the institution.
- 4.13. The direct staff cost (including on-cost) is informed by average budgeted cost for institutions for senior administrative staff, senior/principal lecturer grades and professors. Six of the case study institutions provided this information at an early stage of the project. The average staff cost does not take account of secretarial or any but senior administrative support, as this is covered through use of the indirect cost rate.
- 4.14. The indirect cost rate incorporates costs for estates, teaching support time, departmental support for teaching and an adjustment for the cost of capital employed. This method is consistent with other costing projects recently completed for HEFCE, notably the cost of Widening Participation study and the cost of postgraduate research. Taking TRAC data from all of the case study institutions provided 12 data points, from which the £25,000 average was derived (local variability was seen to be +/- 25%).

### **Headline costs results**

- 4.15. Table 1 provides a summary of the specific institutional costs of the different QAA processes which we observed at each institution in our sample during the transitional phase of the QAF, i.e. 2003-2005.
- 4.16. Table 1 shows that the costs of the core Institutional Audit, which our 12 institutions experienced in 2003 or 2004 varied from close to £100,000 in three institutions (2, 7 and 12) to over £400,000 in institution 5.
- 4.17. The cost of the DATs associated with that audit varied from below £50,000 in three institutions (8, 11 and 12) to over £300,000 in two cases (3 and 6). Overall, the cost of the DATs is broadly equal to the cost of the rest of the audit, but there were wide variations between institutions.
- 4.18. Table 1a provides additional information on the numbers of DATs, DEs, and FD reviews experienced by the case study HEIs, and the range of costs of these reviews. This shows that the cost of an individual DAT varied from £5,000 to £71,000 with an average of £36,000. Also shown, the number of DATs varied widely (from 1 to 7 with an average of 4.3).
- 4.19. Tables 1 and 1a show that the costs of Developmental Engagements and foundation degree reviews were generally significantly smaller than the costs of the core audit. The costs of one DE were broadly similar to a DAT (average £36,000), while the costs of one FD review were significantly lower (£22,000). The numbers of these also varied significantly between institutions (seven HEIs had two DEs each, the other five had none; two HEIs had one FD review, two had two FD reviews, the other eight had none).

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<sup>10</sup> Transparent Approach to Costing, Volumes I to III, JCPSG, 1999 to 2004.

- 4.20. One of the most striking factors in this table (apart from the total magnitude of the costs) is the wide variation in costs of a similar event between our 12 case study institutions. This is illustrated in figures 3 and 4.

#### **Total costs to the sector**

- 4.21. Table 2 shows the average costs per case study and an aggregation of the costs observed in our 12 case study institutions, to show the total impact on the sector of 130 HEIs in England. This is on the assumption that the 12 institutions in our sample are reasonably representative of the English sector as a whole. We believe this is the case.
- 4.22. Table 2 shows that the average cost (mean of the 12 HEIs in the sample) of the core institutional audit was £207,000 and the average cost of the (variable number of) DATs was £155,000. DATs therefore made up over 40% of the total costs of audit for our institutions.
- 4.23. The average cost of DEs for our sample was £42,000, and of FD reviews £11,000. So, if these were included as part of the 'QAA cost' incurred by institutions during this transitional period, the relative cost would be as follows:

**Table (ii): Average relative costs of QA components for the sample**

	£000s	%
Core audit	207	50%
DATs	155	37%
DEs	42	10%
FDs	11	3%
Total	415	100%

- 4.24. Table 2 also shows the annualised costs (all the above were over the three-year transition period). This was £121,000 for Institutional Audit plus DATs, and £138,000 in total.
- 4.25. Extrapolating this across the sector of 130 HEIs in England, table 2 shows that the cost of this first round of audits plus associated other QAA reviews for the whole sector was in the region of £57m, or £19m per year during this transition period.
- 4.26. Included in this, we calculate that the costs borne by individual HEIs of providing auditors for the IA process has amounted to £1.3m per year for the three-year transitional period. This is on an assumption of five members of the audit team covering 130 institutions. Our costs for this are derived from discussion with core auditors, audit secretaries and discipline specialists on their recent experience. (This amounts to between three and four and a half weeks each for each member of the team, depending on function.)
- 4.27. This annual cost of academic QA of £138,000 per institution is equivalent to two full-time senior posts. This will be helpful as a comparison when we look at the projected future steady state cost of the QAF in chapter 6.
- 4.28. It is also worth noting that £138,000 per institution per year, while a burden, is a significant reduction compared with what institutions

experienced during the preceding three year period under Subject Review<sup>11</sup>.

- 4.29. Of course, the total cost for institutions also included professional QA discussed in chapter 5. It also included the non-quantifiable costs which we discuss later in this chapter.

### **Factors causing the variations in specific cost**

- 4.30. We have already noted the wide variations in costs amongst our sample as shown in table 1 and figures 3 and 4.
- 4.31. Tables 1 and 1a show that the cost of the core audit varied by a factor of over five (more than 500%) between the highest and lowest cost in our sample. The cost of a DAT varied by a factor of over 10. The combined cost of the audit plus associated DATs varied by a factor of over five (£134,000 to £707,000).
- 4.32. We believe that three main factors explain this wide variability in costs in this first institutional audit. These are:
- the size of institution and range of provision
  - the institution's readiness and approach to audit
  - its engagement with QAA.

### **Institutional size and range of provision**

- 4.33. The size of institution, and the spread of programmes has a bearing on the costs for three main reasons:
- a larger institution has to involve more people in the audit
  - a larger number of DATs will increase costs
  - a larger school or department (with a broader spread of modules or programmes) has potentially to produce much larger volumes of documentation for reviewers.
- 4.34. Of course, the costs may be relatively more of a burden for a smaller institution, due to diseconomies of scale and we discuss this later. Equally, a larger institution with a broader spread of programmes is more likely to incur a wider range of additional types of professional QA (such as Ofsted, health and PSRBs).
- 4.35. Our results show that there is only a weak positive correlation between the QA costs incurred by the institution and the size of the institution (measured by income [source: HESA]). Figure 4 shows the wide range of 'per unit' costs experienced by our case studies. The graph plots both 'QA spend per student FTE' (the top line, FTE being full-time equivalent) and 'QA spend, £ per £000s income' (the lower line) for each of the 12 institutions. The 'QA spend per student FTE' varies from £9 to £107, with a cluster around £15 to £35. The 'QA spend per £000s income' varies from under £1 to £17, with a cluster around £3 to £5. These differences are not solely due to size: institutions 11 and 12 are both small but their costs are very different: institution 1 is four times the size of institution 2 but their costs are very similar.

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<sup>11</sup> It was outside our remit to cost this, but most institutions found Subject Review much more costly than Institutional Audit.

### **Readiness and approach to audit**

- 4.36. A second significant cost driver relates to how well-prepared the institution was for audit and the way the institution approached the audit.
- 4.37. We would observe, for example, that at least a part of the high costs incurred by institution 5 was due to a need to consolidate and articulate a number of processes which were not uniform across the institution, and this added to the cost of preparation before the audit. Of course these were largely one-off costs and should not be experienced in its next Institutional Audit.
- 4.38. Institution 11 considered that this 'first time' effect was such that at its next Institutional Audit (assuming the process has not changed fundamentally) its costs could reduce to about a third compared with its first audit.
- 4.39. Institution 8 had in effect already prepared a 'complete dry-run' for audit with its own internal subject reviews and processes that it had specifically designed around the QAA guidance. As a result, this institution 'saved' a significant proportion of the resource it would otherwise have had to devote to responding to the audit.
- 4.40. By contrast one or two institutions consciously set out to 'involve all staff and get the most out of the process' (that is, treating the audit partly as a staff development exercise). Institution 9 decided to use it as an opportunity to make every department review its processes. Its costs were more than twice those of institution 8.
- 4.41. Neither approach is right or wrong. The latter costs more, but this might be right for the institution if it also led to increased benefits.
- 4.42. A key aspect here relates to the maturity and confidence of the institution in its QA processes. Institution 1, for example, adopted a very confident approach to its audit with a clear philosophy that it was going to 'take QAA at its word' and to adopt a 'light touch approach' to its preparations. Its costs were below average.

### **Circumstances of the audit**

- 4.43. The third cost driver we have identified relates a number of factors broadly related to the engagement with QAA and specific to the inspection event, which can have a bearing on costs. These include:
- how much lead-time was given (some HEIs rightly or wrongly prepared many more departments than were to experience DATs because they were unable to forecast which would have DATs)
  - The quality of the relationship with the QAA assistant director and audit team (in a few cases, misunderstandings or poor communication added to costs in a way which arguably might have been avoided if two senior people had been able to have a quick conversation)
  - how the review team behaved during the visit (such as accepting electronic information or demanding overnight production of large volumes of paper; requiring large numbers of staff on standby in case they might be interviewed)
  - how early the audit was in the cycle (some misunderstandings over requirements were evident in earlier audits)

- treatment of collaborative provision. (Although most institutions understood that collaborative provision would be reviewed separately, some reviewers appeared to see this as something where they could 'catch institutions out'. There was a significant tendency in our sample for reviewers to demand information and access which institutions had not expected or prepared for.)
- 4.44. There were significant variations here, from which we believe both institutions and QAA can learn lessons which will help to reduce costs in future.

### **Self-inflicted costs (and 'gold-plating')**

- 4.45. It is arguable that a proportion of the institutional direct costs of audit which we observed are self-inflicted.
- 4.46. One aspect of this occurs when there is an institutional decision to 'put a bit more in' in the knowledge that this is either necessary because systems are weak, or to treat an impending audit as a developmental exercise.
- 4.47. A further example occurs (normally with PSRBs) when institutions may have some choice about which external accreditations to seek. This reflects an institutional decision to seek to be recognised as excellent, rather than just compliant, and hence to incur additional costs.
- 4.48. A third example of this was given to us by a couple of institutions that claimed that they had to over-prepare for audit because 'the costs of anything going wrong were simply huge'. This was notably the view of institutions with either a very high reputation to protect, or conversely, those which felt they were still trying to prove their credentials as an HEI.
- 4.49. All these examples reflect a deliberate policy to obtain broader benefits from an audit or review and to prepare more fully, or accept more review activity in consequence. We see these as appropriate actions by institutions, provided they are based on some form of cost/benefit analysis.
- 4.50. A different, and arguably less justifiable, example (and this is where we might use the term 'gold-plating') occurs when institutions incur extra costs without any conscious institutional decision. In our observation, this might happen for a number of reasons:
- senior management has simply not made a proper assessment of costs and benefits
  - there is no clear central policy and leadership to departments in preparing for audit
  - ignorance about QAA's or other agencies' processes
  - inadequate administrative support for academics
  - academic staff (without the benefits of strong leadership and support) in effect deciding to 'err on the side of caution' in their preparations for audit as they 'don't want to let the side down'.

- 4.51. It is clearly a matter of judgement when understandable caution becomes gold-plating, but we would suggest that much of the following activity is usually gold-plating:
- preparing SEDs for departments which have recently had a periodic review (and we note that, if asked, QAA is happy to accept such departments for DATs)
  - preparing large volumes of module boxes. (We agree that the guidance on this is potentially ambiguous, but QAA is categorical that it requires 'a sample' of documentation not every possible module [and institutions could ask before initiating huge printing exercises])
  - dry runs, road shows and mocks are probably inappropriate in most cases
  - involving all departments in briefings for the audit
  - broadening the DAT process so it becomes a 'mini-audit' of the department
  - re-invention of the wheel in different departments due to lack of clear institutional guidance
  - persisting (without good reason) in maintaining internal QA processes which make it much more difficult to deal with an audit. (It is notable that those institutions which had adapted their internal processes to the QAA Code had much lower costs.)
- 4.52. Our assessment is that the combination of these factors added significantly to the costs of audit for some departments and some institutions and we have given some specific examples in chapter 3 (see paragraphs 3.54 to 3.64 for example). Arguably, this is wasteful, and an inefficient use of public funds. It is increasing the burden of review, and reducing the cost effectiveness of institutional audit.
- 4.53. It is difficult for us to put a precise cost on this over-preparation, but over the 12 case study institutions we found that approximately 8% of core institutional audit costs and 12% of all DAT costs were gold-plating of the type described. If extrapolated across the whole English sector, this would suggest that the total avoidable costs of over-preparation in this first round of audits was of the order of £1.5m.

### **Costs of preparing for TQI and NSS**

- 4.54. We were asked to review the costs incurred by institutions in preparing for TQI and the NSS. We discussed these in chapter 3. This is a much more difficult area of work to cost than Institutional Audit, for at least two main reasons:
- unlike an audit, there is no single event around which activity and costs can be focused
  - both TQI and NSS are still in their early stages and there is not yet a clear consensus of views about what is involved. On the contrary, institutions seem to have widely differing views about how much work will be required.
- 4.55. However, more than half of our case study institutions were able to identify the costs they have incurred in preparations for TQI, and that they expect to incur on an annual basis. Eight institutions were able to provide data on

time spent on TQI set-up and six were able to project or estimate what they expect to be the annual commitment. The method of estimation varied from actual minutes for upload of already formatted external examiners' reports to time estimates for the responsible members of staff. There was a wide variety of both actual costs experienced to date and expected future costs, with an average of about £24,000 for expenditure on set-up and £24,000 annually for future upkeep (a coincidence of figures). On the assumption that these are realistic and representative costs, we would expect the sector to have incurred start-up costs for TQI of the order of £3m, and to incur annual costs of £3m in future.

- 4.56. We do not have reliable estimates of the cost of the NSS for institutions.
- 4.57. HEFCE has provided figures which suggest that the central costs of TQI/NSS were approximately £2.5m in 2004/05, and will be approximately £1.25m per annum in future years.

### **Other costs**

- 4.58. We have identified the specific quantifiable costs of individual academic QA reviews. These include the costs of 'lost' academic time.
- 4.59. In addition to these specific costs, there are important 'non-financial' costs which can be considered in three categories:
  - opportunity cost
  - risk avoidance etc
  - cultural costs.

### **Opportunity cost**

- 4.60. Many institutions made the point that there is a cost of audit that goes beyond the specific hours measured. A typical quote was:  
*'The time and energy that might have gone into institutional development has all gone into preparing for audit.'*  
We have already quoted the department which lost four research years. Another head of department missed out on a whole season of academic conferences, with consequent impact on his teaching and research.
- 4.61. We have many analogous comments from departments – mostly about research or scholarship, but also about innovation in teaching and learning, and enhancement of the student experience. In one case the institution mentioned having to shut down certain student services during the peak of preparations for audit. Another lost the use of two classrooms.
- 4.62. For institution I, ironically, the activity displaced by preparation for the IA was the preparation and dissemination of a good practice guide for QA across the university.

### **Risk avoidance or hindrance to innovation**

- 4.63. One institution made a strong point about this. The postponement of needed restructuring led to the loss of at least two staff who the institution did not wish to lose. Another postponed the development of a collaborative course. Institution R closed a small widening participation programme as a direct result of the Institutional Audit, but not because it felt it was of an



unsatisfactory quality.

- 4.64. However, there is a counter view. Other institutions said that it was inappropriate to postpone or cancel anything because of audit. One said 'the checking mechanism should not get in the way of the doing'. We agree. This approach was a more confident one – effectively to make the changes, but explain to the QAA what was happening and why. This was also consistent with this institution's more open and self-critical approach to its SED.

#### **Other non-financial costs**

- 4.65. More generally, but less easy to identify, we believe there is an effect of regulation in creating institutional dependency on the regulators' own requirements and in discouraging real thinking about what would be best for the institution. (Too much accountability drives out enhancement.)
- 4.66. Small institutions tend to feel a particular burden, as they tend to have fewer senior staff and administrators and academic staff will tend to carry a greater share of the workload. As one small specialist phrased it 'it would be hard to find a member of staff who was not touched [by Institutional Audit]'. Although size is not the most significant variable, there would appear to be a number of fixed time costs, and these will clearly weigh heaviest on the smaller HEIs. However, all would agree that Institutional Audit is clearly a step in the right direction here, compared with the previous regime of Subject Review.
- 4.67. One noted that UK institutions can be adversely affected in competing to attract overseas academics because they perceive that the high burden of regulation will adversely affect their careers. There are also adverse impacts on staff morale when repeated or excessive review occurs with no evident benefit to students or the work of the department.
- 4.68. Several institutions noted that for academic staff, their contribution to external QA was often on the basis of 'goodwill' and it was frequently the same cadre who volunteered to participate in these 'additional' activities (which might also include, for example, widening participation initiatives). The time contributed was often unpaid and out-of-hours, resulting in working weeks that could reach 50-60 hours and create a great deal of stress.

## 5 Professional Quality Assurance

### Introduction and scope

- 5.1. In this chapter, we review the impact of all the non-QAF review processes, i.e. those we have called professional review of QA. This is a more diverse field of activity than that covered under academic review in chapter 3, and the evidence base that we can draw from a sample of 12 HEIs is more limited.
- 5.2. In addition to the common academic QAA and TQI processes discussed in chapters 3 and 4, most HEIs (10 of 12 in our sample) are also subject to professional QA review processes. Each institution's experience of this additional QA will differ, driven by the particular mix of professional and vocational programmes it offers.
- 5.3. This professional review activity is very diverse, and we have not sampled it all. However, we have covered five main areas, which we discuss in the sections which follow:
  - a. Initial Teacher Training, which is funded by the TTA and is subject to inspection by Ofsted. (We also look much more briefly at the training of FE teachers.)
  - b. Undergraduate medical education, which is funded by HEFCE and subject to review by the GMC.
  - c. Non-medical health professions, where the education is commissioned by the NHS. There are more than a dozen health professions involved, and the picture is correspondingly complex. A new Major Review process is being implemented by QAA on behalf of Skills for Health, and replaces a large number of former processes. There is also associated monitoring and review activity by a number of statutory professional bodies such as the Nursing and Midwifery Council, Health Professionals Council and also by some individual (non-statutory) professional bodies.
  - d. FE provision in HEIs, which is funded by the Learning and Skills Council and inspected by Ofsted and the Adult Learning Inspectorate (ALI).
  - e. Review and accreditation of a wide range of professional or vocational education in areas like law, engineering, computing, business, journalism, architecture by professional and statutory regulatory bodies – we review some 30 of these, listed in table 5.
- 5.4. These five categories together cover or illustrate most of the professional education and QA activity in the sector. However, they are not completely comprehensive. Our aim in this part of the study is to identify and assess the major types of external review, and to make a fair assessment of the order of magnitude of the total burden imposed on HEIs. We have not attempted to review every contact of our case study institutions with all external inspecting bodies. This would require a much larger study with correspondingly greater burdens on institutions, as there are more than 50 active PSRBs in category (e) alone.

- 5.5. These factors mean that it is a more complex task to assess the total costs and benefits of external QA in this part of the sector. We have used the same approach for collecting evidence and costs, as in the academic QA area described in chapters 3 and 4. However, the diversity of experience across the 12 case study HEIs means that our sample size in any of these five categories will be smaller than 12 and variable – for example, we have reviewed costs and benefits at:
- two institutions with medical schools
  - six with inspection of Initial Teacher Training
  - two with inspection of training of FE teachers
  - six which had experienced the new Major Review in Health
  - three with Ofsted/ALI inspection of FE provision
  - 10 with accreditation or other reviews by professional bodies.
- 5.6. For convenience, we have divided this chapter into five main evidence sections, corresponding to the five sectors described in paragraph 5.3. In the sixth section, we summarise the costs of all this professional review activity for the HE sector.

## **Ofsted inspection of Initial Teacher Training**

### **Background**

- 5.7. In 1994, after some years of government concern about the quality of teacher training, and its alignment with national needs, the Government created the Teacher Training Agency to plan and manage funding for ITT, and with a remit to fund providers of ITT on the basis of quality.
- 5.8. There are 74 HEIs providing ITT, mostly providing both primary and secondary ITT, and accounting for approximately 90% of total student places (the remainder is school-centred initial teacher training SCITT). The main professional qualification is qualified teacher status (QTS), and most students also gain a higher education award such as the Postgraduate Certificate in Education, PGCE).
- 5.9. There is also an employment-based, graduate entry route to QTS, known as the Graduate Teacher Programme which is undertaken by some, but not all HEIs engaged in ITT (as designated recommending bodies).
- 5.10. The TTA funds approximately 60,000 trainees per annum.

### **Agency objectives and process**

- 5.11. Ofsted is a non-ministerial government department, and has a statutory inspection role. It inspects ITT on behalf of the TTA and provides the information on quality which the TTA needs to fulfil its remit.
- 5.12. The primary purpose for Ofsted inspection is public accountability, but it is increasingly also about improvement (raising standards). The inspection of ITT can lead to shifts in funding and provision with the aim of improving standards. Some courses have been shut down through this mechanism, and HEIs rated as 'good' or 'poor' may be offered more or fewer student numbers. So, there is a direct link to funding (and jobs). More than one of our case study institutions had lost student places in this way.
- 5.13. The Ofsted/TTA inspection regime is quite complex as the inspection is conducted in two parts. The initial visit, early in the period, focuses on

management and quality assurance, and unlike QAA but similar to some PSRBs, includes observation of teaching. The second inspection visit, at the end of the semester, involves observation of the trainees' classroom performance in schools. Separate inspections take place for primary ITT (encompassing M&QA, English, maths, and science) and for secondary ITT (encompassing M&QA and specific subjects).

- 5.14. There have been two phases of inspection. The initial phase from the mid-1990s identified a number of weaknesses in provision, and led to some significant shifts in the allocation of funding.
- 5.15. Towards the end of this first phase, the overall standard of provision was judged to have improved significantly, and Ofsted introduced a lighter regime which alternated short and full inspections for training providers rated good or above. This was reckoned to reduce the impact on HEIs in terms of provider's days of inspections by approximately 40%. Part of this change was a greater emphasis on the M&QA in the HEIs, and relatively less front-line observation of teaching. As a result M&QA is included in each year in which primary or secondary subjects are inspected; one HEI had experienced three inspections of its M&QA in two years.
- 5.16. Although there were some initial weaknesses in the M&QA area, standards have continued to improve to the point where a further streamlining of the inspection process may be justified. The TTA and Ofsted have recently consulted on this. They are introducing a new inspection model from September 2005. This will further reduce the impact of inspection on providers, particularly for secondary provision, by moving to the inspection of secondary provision overall, through subject sampling, and by allowing high quality providers to receive only short inspections. This move away from the inspection of subjects to the inspection of procedures for assuring quality is in line with changes to school inspections.

#### **Ofsted and TTA costs of inspection of ITT**

- 5.17. TTA has approximately 7.5 post-holders working on QA. Its total annual costs including staff on-costs are approximately £290,000.
- 5.18. Ofsted has a budget of £2m (2004/05) for inspection of HEI-based ITT. This is the total cost to Ofsted, including administration and travel etc. It can be expressed as representing approximately 2,000 inspector-days on secondary inspection, and 800 inspector-days on primary inspection. Broadly, a short primary inspection requires 21 inspector days and a full one 77 days. In secondary, the position is more complex as it depends on the number of subjects being inspected.
- 5.19. The costs of Ofsted inspection of work-based ITT (the Graduate Teaching Programme - GTP) are relatively small, and are more complex to identify (not least because the involvement of HEIs is more complex).

#### **Impact on HEIs**

- 5.20. We have identified benefits and costs of Ofsted/TTA inspections at six of our case study institutions (Nottingham Trent, Birmingham, St Mark and St John, Greenwich, Cambridge and Bath Spa UC).
- 5.21. The present system of Ofsted inspection is changing as we have noted. The present system of short and full inspections began in 2002/03 and so HEIs are in the third year of what would have been a six-year cycle. Each

will normally have had one inspection in this period. If the previous grading of ITT was good or better, the inspection will have been a short one (to be followed later in the cycle by a full one), if it was graded below this the inspection will have been a full one. The nature of these inspections differs between primary and secondary provision. But this regime will now change again as a result of further streamlining and the second part of the cycle will not now take place.

- 5.22. Another important part of the context is that the institutional response to TTA and Ofsted is, to a much greater degree than with QAA, left to the individual faculty or school of education to determine and manage. Like much other professional education, ITT is a work-based, vocational, partly off-site form of education involving complex partnership arrangements with a large number of schools.
- 5.23. Institutions' perceptions of Ofsted review differed significantly amongst our sample. One large institution had no comments or concerns, but most others gave us a selection of views and experiences. We have attempted to give a fair representation of these institutional views in the following main points.

### **Frequency and costs**

- 5.24. A key contextual point is that the frequency of Ofsted visits, coupled with the (greater) length of the academic year in education make it particularly difficult for education faculties to accommodate research and other activities. They can feel disadvantaged relative to other disciplines.
- 5.25. Several commented on the continuous nature of the review process:

*'...with primary, and several subjects in secondary ITT, Ofsted are always in the institution – continuous inspection which is disrupting'.*

*'The one free year in the three-year cycle is not long enough to innovate, implement and evaluate change.'* [I]

*'We are over-inspected (partly because of some previous poor scores). In (three subjects), each subject leader will be inspected three years in a row (full under the old regime in 2002/03; M&QA inspection of secondary in 2003/04; full inspection in 2004/05).'* [J]

*'They will be in the school for two out of every three academic years, and will inspect M&QA on every occasion.'* [M and N]

*'The head of secondary never gets a year off.'* [J and N]

### **Nature of the process**

- 5.26. A general view is that the inspection regime is 'more bureaucratic' than QAA, and that there is less of a feeling of trust and peer review. But, institutions find the interaction with individual lead inspectors valuable and it often provides useful feedback [C, M and N]:

*'It is rather rigid and formulaic and the consequences of not maintaining standards are awful (with an almost immediate cut in numbers) so there is a tendency to stick to the rules rather than to innovate.'* [M]

*'Unlike QAA, the reviewers do not have to discuss their judgements and provide a balanced view. One bad observation can lead to an immediate negative judgement.'*

*'[I did not like] the snapshot approach (e.g. of staff in post on the day) without regard to whether this is a fair reflection of reality.'* [J]

### **Seriousness of potential consequences**

- 5.27. The key point that nearly all institutions made here is that the results of a poor inspection are potentially serious for the institution, and this can lead to an over-cautious approach by institutions, and elevated costs:

*'Much of the pressure comes not from the inspection itself, but from the possible consequences of loss of funding.'* [C]

*'The system encourages gold-plating because of the consequences of a poor score.'* [N]

### **Other comments included:**

*'The system is constantly changing...'*

*'...but it is getting lighter touch, which is welcomed.'*

*'In shortage subjects like maths, we normally 'bend' to recognise a broader range of student applicants' qualifications and do a corresponding amount more work to support these students. In an Ofsted inspection year, we are forced to become more rigid because there is insufficient time to bring the subject skills of these students up to the expected standard.'* [N]

### **Costs for HE sector**

- 5.28. Table 3 shows the costs of this QA review for HEIs on an annualised basis. The costs of Ofsted inspection of ITT range from £16,000 per year at institution 8 to £152,000 at institution 7.
- 5.29. The variation in cost arises from a combination of the number of subjects offered at secondary level and how these inspections are 'grouped'; whether the institution is a designated body for the Graduate Teacher Programme (which adds a greater than average inspection cost to the total); whether the institution manages a SCITT programme in which case it may have a voluntary involvement in validating the SCITT PGCE which is outside the scope of Ofsted inspection; and the provision of a Key Stage 2/3 programme.
- 5.30. The variation in cost does not reflect whether the 'short' or full inspection is experienced first for any aspect of provision as this is smoothed over the six-year cycle we have assumed. It appears that the chief factor in determining the level of cost experienced is the method of preparation.
- 5.31. One institution experienced significantly more cost than the average. This institution had experienced some poor Ofsted scores in previous years; had had a change in senior management; was in the process of reviewing all its systems and processes; and was experiencing full Ofsted inspections in two consecutive years. It might be said to have been 'catching up' and was therefore exceptional and we have not included its costs in our extrapolations to sector level.

- 5.32. Table 4 shows that across the whole sector, the annualised costs of Ofsted inspection of ITT for HEIs might be expected to be in the region of £3.8m.
- 5.33. We should note that there are also significant costs for schools (which is outside the scope of this study), and that some elements that can affect Ofsted's judgements are outside HEIs' control.
- 5.34. We consider future steady state costs in chapter 6.

### **Conclusion**

- 5.35. We conclude that this Ofsted inspection of Initial Teacher Training:
- is important for accountability and its broader benefits to education and to the nation
  - has served a useful purpose in the past in raising standards
  - imposes a significant cost on the faculties where it occurs partly because of other factors, including the length of the academic year in ITT
  - is perceived by HEIs to be relatively bureaucratic, and to duplicate to some degree (in the M&QA for example) the central processes of QAA (but clearly also has a distinctive role in terms of the professional and school-based elements that are not covered by QAA)
  - has been responsive to many of these complaints, and has now been streamlined twice
  - is perceived by some to have a rigidity which stifles innovation in teaching and learning
  - has had a significant impact on funding for institutions with lower quality scores.
- 5.36. Two of our case study institutions said they would appreciate a shift towards more observation (since it would be less of a snapshot and the whole range of teaching methods could be observed) as this is the area where they feel that value is added. This is connected with the view that there is more than one way to produce students who are fit for purpose, and a perception that Ofsted may have a process which is too rigid to allow them to recognise this.
- 5.37. Particular areas suggested by institutions for improvement include:
- reducing the M&QA element to what is genuinely not covered by the QAA (or by other Ofsted visits)
  - greater reliance on evidence and documentation already provided for other purposes (such as internal annual and periodic review)
  - a more flexible and developmental approach
  - greater continuity of lead inspectors (which had reduced costs for one of our institutions).

### **The training of teachers in the Learning and Skills sector**

- 5.38. We have not reviewed FE teacher training in detail, but two of the institutions we visited provided data and views on this.

- 5.39. There is a great variety of courses (inspected by Ofsted/ALI) for FE teachers provided by HEIs, at levels 2, 3 and 4. Some of the provision is by HEIs themselves, but a great deal is also provided through formal consortia and partnership arrangements with FE colleges. It is difficult to identify the exact number of providers in the sector at different levels, or to identify what might be classified as a 'typical' arrangement.
- 5.40. One institution considered the review was bureaucratic and burdensome, 'a huge overkill' for a very small part of the institution. It must be added that their view was coloured by a poor experience with the Further Education National Training Organisation (FENTO) which was not perceived to be of value to the institution. The second institution also expressed a more specific concern about FENTO requirements for FE teachers. In its view, FENTO's prescriptions such as standard English, level 3 numeracy etc for 'what are essentially trades' are inappropriate.
- 5.41. One of the two providers we visited estimated an annual cost commitment of only £4,000. The other (with six partner colleges) estimated a larger annual commitment of £17,000. On the evidence of this study, it is not possible to estimate which of these experiences might be considered as more typical of the sector as a whole. However, we understand that the total number of inspections planned for this year is less than 20 and so the annual equivalent cost for the sector as a whole is unlikely to exceed £300,000. Due to the uncertainty around this extrapolation, we have not included this element in our detailed cost analysis for the sector.

## **Review of medical education**

### **Background**

- 5.42. The GMC has been monitoring medical schools for more than 150 years. The GMC currently recognises 27 medical schools (including four new schools that are two-to-three years into the initial accreditation cycle). Twenty of these are in England. Within the GMC there is a team of five full-time members of staff with responsibility for the Quality Assurance of Basic Medical Education (QABME). They are supported by 73 'visitors', a combination of medics, lay representatives, public health representatives and medical students, who undergo a rigorous recruitment and training scheme.
- 5.43. In 2004 the GMC piloted a new QA process with three medical schools – Aberdeen, Birmingham and Liverpool. The process was also adopted in the four new medical schools (which will be assessed each year until the first cohort have graduated). The pilot was deemed a success and will be adopted, with minor modifications, from this year.

### **The QABME process**

- 5.44. Established medical schools will experience two QABME cycles in 10 years, with the scope for additional cycles if there are any significant changes (such as new programmes) or causes for concern. In addition, they will be asked to submit an annual report.
- 5.45. A complete QABME cycle takes about 18 months and falls into three broad phases:
  - a. Notification and preparation: The GMC send out a questionnaire document concerning the school's ability to meet the requirements of



'Tomorrow's Doctors'; the school submits evidence; then the team meets and agrees any particular issues to be covered in the visits.

- b. The visit cycle: This comprises five visits of one-to-two days each (not all team members attend all meetings). Visits include observation of students and exams and are spread across a six-month period to fit with the school's teaching and examination timetable. Informal feedback is provided at the end of each visit.
  - c. Reporting: A report is produced and the school has an opportunity to comment before it is published. The report is signed off by the team and the school before it is sent to the undergraduate board. From this year, the report will include requirements (mandatory action points) and recommendations (desirable action points), as well as highlighting any examples of good practice. If the undergraduate board is happy with the response to these, the final report is sent to the education committee.
- 5.46. The GMC liaises with the QAA to ensure its visits cover all the areas QAA has an interest in. As a result, medical schools visited by the GMC are exempt from DATs.
- 5.47. There are 7-10 visitors on each team – typically eight. The visitors are paid for an average of 10 days per annum, which includes one day of training. As far as possible, visitors to the new medical schools will remain in place for the complete first cycle (around six years). Other visitors are divided into sub-groups of three by area of expertise, and sub-groups will swap teams. This is designed to foster a team spirit, whilst retaining 'freshness'. Visitors are expected to cross-observe another team.

### **Benefits and issues**

- 5.48. The process is still in its infancy, so it is hard to draw firm conclusions. Whilst it is designed to bring more transparency, it replaces a system that was 'lighter touch'. Despite this, feedback from the schools has been positive. There are a few aspects of the process and issues worth noting:
- a. The inclusion of students in visitor teams: The GMC feels this has been a particular success of the new process.
  - b. Visit length: The GMC believes that shorter visits are more focused; allow it to see more people; mean the whole team is not required for each visit; and are better for observation. It also believes the approach lessens the burden on schools.
  - c. Visitor teams: There is a great deal of effort put into recruiting and training visitors and in ensuring they feel 'part of a team'. This includes 360-degree appraisal for visitors and GMC advisors.
  - d. Good practice reports: The GMC publishes a report on the 'good practice' it has found during the course of its visits each year. This reflects its interest in QE and collaboration.
  - e. Education advisors: Each medical school will be assigned a GMC advisor as an initial point of contact. The main purpose is to improve communications with medical schools and to take a more 'proactive' role in the relationship.
  - f. Electronic data: The GMC would prefer to receive evidence electronically but it must be easily accessible and navigable to visitors. In support of

this, it has a 'one-click' rule for signposting and accessing material. Its experience in the pilot HEIs was that the schools struggled to meet these requirements, and most schools ended up submitting in a variety of electronic formats, including some hard copy where unavoidable.

### **Impact on HEIs**

- 5.49. Two of the institutions in our sample have medical schools (Birmingham and Cambridge). Unfortunately neither was a 'typical' example of the new GMC process, which is in the process of change. Institution 4 had incurred an exceptionally low cost associated with a GMC visit which took place under a previous review regime and which required the university to produce almost no new documentation. The second (6) was a pilot/reference site for the new GMC approach and probably had elevated costs for this reason.
- 5.50. Institution 6 found that the workload was similar to a DAT. It was impressed by the quality of the panel and the insightful and practical nature of the report.
- 5.51. From this limited sample, we extrapolate in table 4 that the annual whole sector cost for GMC review of medical education is approximately £1.5m. This must be regarded as an indicative figure.

## **Review of health professions education**

### **Background**

- 5.52. Allied health professions education is funded by the NHS and has until recently been commissioned by workforce development confederations under individual contracts with HEIs. In future, this provision will be commissioned by the strategic health authorities (SHA).
- 5.53. The largest group of students is nurses and midwives, but other large professions include physiotherapy, podiatry and radiography. There are also some very small professions (such as orthoptists).
- 5.54. A common feature of all these professions is that the education is delivered in a partnership with service providers. The HEIs lead in terms of curriculum, academic assessment and award, and they provide a home base and pastoral support for students. However, a significant part of student learning takes place in clinical environments under the immediate supervision of NHS clinicians rather than academics. The external QA arrangements have to accommodate this.
- 5.55. The education commissioners carry out monitoring against their contracts. This is a burden (some of our HEIs estimate 20-30 days per year) and it can include aspects of QA and fitness for purpose. However, we have excluded it from our costs, just as we have contract monitoring by other agencies such as the TTA.
- 5.56. The main external QA is provided by the statutory and/or professional bodies which exist in most health professions and are concerned with ensuring minimum standards and fitness to practice (usually through accreditation of education and registration of practitioners), and with support to professional development.
- 5.57. The two largest statutory bodies are the Nursing and Midwifery Council (NMC) and the Health Professions Council (HPC). These are relatively

new bodies and have replaced the former United Kingdom Central Council for Nursing, Midwifery and Health Visiting (UKCC) and national boards which visited HEIs to monitor quality of nursing, midwifery and health visiting education, and the Council for Professions Supplementary to Medicine (CPSM) and its (approximately 12) constituent professional bodies which also visited HEIs for the same purposes in respect of the other allied health professions.

- 5.58. Our case study institutions have provided information about the following professional bodies which also review QA:
- Royal Pharmaceutical Society of GB
  - British Psychological Society
  - Institute of Biomedical Science (IBMS)
  - Royal College of Speech and Language Therapists (RCSLT)
  - Chartered Society of Physiotherapists
  - Royal College of Radiographers.
- 5.59. We understand that the QA activities of some of these professional bodies will be replaced by the HPC monitoring, but institutions are uncertain about this.
- 5.60. The following box illustrates the role and relationship with HEIs of a few of these PSRBs.

#### **Nursing and Midwifery Council**

The NMC undertakes annual monitoring, coupled with validation visits on a five-year cycle.

Annual monitoring involves marshalling and checking the evidence base and the production of a short report and course statistics. In some cases, the NMC has been happy to accept internal annual monitoring reports. There are also a number of placement visits. It is not seen as particularly burdensome by HEIs, and some participants felt it was a beneficial process.

Re-validation events involve a greater number of placement visits, as well as the production of a SED. Major changes to programmes or the introduction of new courses (initial accreditation) carries a much higher workload.

#### **Health Professions Council**

The HPC is a newly formed independent regulatory body, with responsibility for setting and maintaining standards of professional training, performance and conduct of 13 professions allied to medicine. The expectation is that the HPC will take over responsibility for monitoring and accrediting degree courses from the existing professional bodies, whilst liaising with them to ensure it makes good use of existing expertise and notes that 'Working within our legal obligations, we will aim to avoid duplication of the work of others'.

Currently, most of the professions covered by the HPC are working on a five-year cycle, with annual monitoring. The HPC expects that programmes will normally be approved on an open-ended basis, subject to satisfactory annual monitoring returns. Changes to programmes will be assessed against established criteria to determine whether they will trigger a new approval event. Approvals of new programmes will be dealt with as they arise, but the HPC is encouraging HEIs to group programmes so that approvals can be

dealt with in one event. The HPC will retain the right to visit even if no major changes occur or ongoing issues arise through the annual monitoring process. Nonetheless, the process is likely to prove 'lighter touch' for many HEIs.

Multi-profession visits will be encouraged, where appropriate. Panels will comprise two-to-eight members, drawn from academics and the professions, with some lay representation. In cyclical visits to HEIs the panel will participate in HEIs' internal periodic review procedures. It will produce a list of documentation and a set of forms but will accept other documentation as long as it meets its information requirements. After the visit, HPC visitors produce a report for submission to the approvals committee. The full report will be published on the HPC website and summaries will be published in the annual report of the education and training committee.

#### **Institute of Biomedical Science**

The IBMS acts as 'agent' for the HPC in accrediting courses in biomedical sciences which lead to fitness to practice certificates for students.

The IBMS does not prescribe a curriculum but does define discipline areas which should be covered. An IBMS member will always be present at a validation event and would attend regular course reviews if invited. Typically, the IBMS would come and review the provision once every five years and would be prepared to rely upon data collected for another purpose – internal QA documents, for example. An annual return is also required, in a prescribed format, but of data already collected for internal processes.

#### **Regional Council for Clinical Physiologists (RCCP)**

The RCCP undertakes annual monitoring, with a five-year re-accreditation cycle. There is a heavy workload associated with initial accreditation, including the approval of all external examiners. This is exacerbated by the fact that it is a relatively new body, still clarifying its exact requirements.

Re-accreditation visits cover several days, spread over six months to one year and involve a great deal of preparation, probably similar to a DAT. Much of the syllabus is set down in RCCP guidelines and the visit focuses on: overall course content; a summary of each module for approval; the way practice is monitored; and the documentation to support the course. Two half-day visits to students on clinical placements are also included.

#### **Royal College of Speech and Language Therapists**

The RCSLT have been conducting re-accreditation visits on a five-year cycle but there is currently some uncertainty among HEIs about whether these visits will continue, or whether the HPC is going to be taking over the role. Currently, these visits are similar in scope to those of the NMC.

- 5.61. In the past, an HEI with a faculty of health studies with a wide range of health professions could find that this single faculty was subject to inspection by up to a dozen different health professional bodies.
- 5.62. The Department of Health accordingly launched a culture change and reform project to introduce a new Partnership QA Framework for review of health professions in HE. The aim of this is to develop a single set of streamlined arrangements aiming to cover all the QA needs of the range of external stakeholders. Another important new element is giving full recognition to the importance of the clinical education providers (first and

foremost NHS trusts) in the review process. The Department of Health has recently transferred responsibility for the Partnership QA Framework to the UK Sector Skills Council for Health.

### **Agency objectives and process**

- 5.63. The new Partnership Framework, rather like the academic QA processes, has several elements:
- programme approval
  - ongoing quality monitoring and enhancement
  - Major Review
  - benchmarks and quality standards
  - the evidence base.
- 5.64. The most visible part of this is the Major Review process, which is the only part so far fully implemented. MR is carried out by the QAA, on behalf of Skills for Health. Major Review complements the QAA Institutional Audit and is intended to encompass the three main stakeholder requirements: Subject Review; annual and periodic contract review by strategic health authorities; and professional and statutory body review.
- 5.65. Eighty-eight HEIs will have a Major Review. Sixteen were completed in 2003/04 (including six prototypes), a further 34 will be done in 2004/05, and 38 in 2005/06. The process involves a SED and five visit days (spread out as 2+2+1). Two of these days are spent in a clinical practice organisation. The SED and other parts of the process are all joint, so while the HEI may lead, it has to involve clinical partners at all stages. There is a commitment to evaluate Major Review after the first cycle is completed in 2006.
- 5.66. Other parts of the Partnership Framework are still being developed, with prototypes of ongoing quality monitoring and enhancement and of the approval process currently underway. The new framework will involve a process of annual monitoring orchestrated by the strategic health authority, which will also incorporate the contract monitoring.
- 5.67. It is expected that both NMC and HPC will recognise the Major Review process as normally satisfying their QA requirements. It is less clear at this stage that other health PSRBs will also do so, and institutions are concerned that some of these may continue to impose additional costs of QA review.

### **Agency costs of inspection**

- 5.68. Costs information provided by QAA (summarised in chapter 3) shows that the cost of a Major Review for the QAA is approximately £20,000.
- 5.69. There are also costs incurred by the PSRBs, which we have not investigated, and for the partner institutions (chiefly NHS trusts) which are outside the scope of this study.

### **Impact on HEIs – costs and benefits**

- 5.70. We have identified benefits and costs of aspects of health professions review at eight of our case study institutions. In six of these, this included a Major Review. It also included review by a number of the other health PSRBs.
- 5.71. While many of these work to the same broad principles, they are all

different in detail, for example some observe practice and others do not.

- 5.72. A common issue is the complexity of preparing for a Major Review involving a number of clinical partners – this cuts across clinical commitments and is correspondingly difficult and expensive for the HEI to set up.
- 5.73. Institutions' perceptions of this review of course differ from institution to institution (or from school to school), but the main perceptions we found might be summarised by the following main points:
- a. In principle, most of the HEIs we spoke to were very supportive of the new multi-professional approach and the opportunities it provides for sharing good practice, as well as cost savings.  
*'It has increased communication between academics in different professions.'* [S]  
*'It has helped us to build networks with other HEI providers to share experience and act as critical friends.'* [M]
  - b. However, there was a concern that Major Review will not replace single-profession reviews but will simply add to the burden.
  - c. There was also a concern that professions with small student numbers might become 'swamped' by the much larger numbers and influence of nursing.
  - d. One department with a non-standard pattern of provision (that is, not dominated by large numbers of pre-registration nursing students) found the process was not well designed to meet the nature of its provision. There were a couple of problems in the preparation for the visit with QAA. Overall, it was a positive experience, but not light touch. [G].
  - e. In preparing for a Major Review (radiography) this spring institution O estimated that the effort required was twice that for a DAT because of the partnership nature of the work. An enormous amount of liaison is required with NHS sites and the SHA.

#### **Costs for HE sector**

- 5.74. The costs of this external QA of NHS-funded non-medical provision are shown in table 3.
- 5.75. The costs of the Major Review for these six institutions are shown as a memorandum item at the bottom of the table. This varied from £46,000 to £231,000. On an annualised basis, the costs of Major Reviews varied from £9,000 at institution 7 to £46,000 at institution 3, and of other non-medical NHS QA from £7,000 at institution 1 to £63,000 at institution 6.
- 5.76. These differences may in part be explained by the effect of varying spread of health provision, and numbers of professional bodies involved.
- 5.77. The total annualised cost of all non-medical NHS QA in our sample was £356,000, with an average cost of £41,000 as shown in table 4.
- 5.78. Table 4 shows that, extrapolating across the whole sector, the annualised costs of non-medical health QA review is in the region of £4.4m.

## **Conclusion**

5.79. We conclude that:

- a. This is an important area where professional standards have a direct bearing on public protection.
- b. This provision has been over-inspected in the past, due to the large number of professional and statutory bodies and other stakeholders, and the lack of a strategic multi-professional approach to review of QA.
- c. The Department of Health (now Skills for Health) initiative in launching Major Review is therefore a welcome development for the sector, and most feed-back so far is that the process is an appropriate and well-managed one which is a significant step forward in at least three respects:
  - recognising the partnership
  - the multi-professional 'one-stop' review
  - the peer review basis.
- d. However, these arrangements are new and still evolving. They will be reviewed by Skills for Health.

## **Review of FE provision in HEIs**

### **Background**

- 5.80. Approximately 50 HEIs deliver further education to adult learners, predominantly in art and design subjects. For most of these HEIs, the FE provision forms a small part of their portfolio but for a small number it is more significant and for one HEI (the University of the Arts London) it forms approximately 30% of the total.
- 5.81. Ofsted and ALI are jointly responsible for the inspection of FE provision in HEIs.
- 5.82. The Learning and Skills Act 2000 sets out the purpose of inspection which is to keep the Secretary of State informed about:
- the quality of education and training
  - the standards achieved
  - whether the financial resources made available to providers are being managed efficiently and used to deliver value for money.
- 5.83. The Common Inspection Framework governs joint Ofsted and ALI inspections of higher-education based FE provision. Higher education institutions are inspected on a four-year cycle. A typical visit involves three months' notice of a five-day visit to review students' achievements, the quality of teaching and learning, and the leadership and management arrangements. The direct observation of teaching means that inspection teams are quite large as they have to include at least one expert from each area of provision being reviewed.
- 5.84. Ofsted and ALI make up inspection teams using their own full-time inspectors, plus part-time inspectors drawn from a register.
- 5.85. Following a recent consultation, the inspection regime will be changed from 2005 in a way which should lead to a more risk-based approach and

a lower number of inspection days per inspection. Of course, all our information on costs and benefits is on the existing basis.

### **Agency costs of inspection**

- 5.86. Both ALI and Ofsted budget for approximately 10 inspections per year at a combined cost of approximately £700,000 per annum.

### **Impact on HEIs – costs and benefits**

- 5.87. We have limited information from HEIs which have experienced Ofsted/ALI inspection, since our sample only included institutions where this was a relatively small part of the provision:
- a. Institution [O] had an Ofsted/ALI visit in the run-up to QAA Institutional Audit and in an area chosen for a DAT. The department (of art & design) is at the lower limit of student numbers for an ALI audit. The time to prepare for Ofsted/ALI is short, so the costs of preparation are necessarily less than for the DAT. However, the emphasis on personal work of individuals brought added stress. The outcome was good however.
  - b. Institution R had a good experience. It commented on the good rapport with the lead inspector – that they were fair and thorough. In general it was seen as more of an inspection than QAA's approach and not as professional.
  - c. All institutions commented on the relatively large teams of inspectors and the consequent costs for the institution. A typical comment was that:  
*'...if four or five QAA auditors can review the whole institution, why does it need 10 or 12 Ofsted/ALI inspectors to review a relatively small part of the provision (less than 5% for most of our examples)?'*
- 5.88. A different perspective from institution R noted that many of the staff affected by this inspection were not involved in any other external review. Whilst they did not like the extra workload, there was a benefit in making them feel 'included' and subject to the same exacting standards as their HE colleagues in the institution.

### **Costs for HE sector**

- 5.89. Table 3 shows the costs of this QA review for HEIs on an annualised basis. The costs of Ofsted/ALI inspection range from £32,000 at institution 8 to £39,000 at institution 9. The average annual cost is £35,000 (table 4).
- 5.90. Table 4 shows that, if these are representative costs, the total cost for the sector is approximately £1.6m a year.

### **Conclusions**

- 5.91. Our sample base here is relatively small, so we have had informal discussions with two other institutions where FE is a more significant part of their work.
- 5.92. The views we have obtained are relatively uniform, and agree with those from the case study institutions. While every institution accepts the need for external review, most feel obliged to compare their experience with



Ofsted/ALI unfavourably (in terms of costs and benefits) with their experience with QAA. While the actual cost to the sector is relatively low, it is relatively high in terms of £ per student, and institutions find it irksome to have to deal with two different agencies which operate to such different processes. The large teams of inspectors and highly structured approach adopted by Ofsted/ALI are seen as offering less ability for review teams to add value to institutions or to students where the provision is already known to be of a good standard.

- 5.93. We are aware that there have been a couple of pilot parallel Ofsted/QAA inspections and we discussed the outcome of one of these at the University of the Arts London. The pilot appeared to confirm that, as the two agencies currently operate, there is relatively little, if any, benefit to HEIs in attempting to run these different processes in parallel. However, this does further emphasise the additional costs to HEIs from having two such different processes operating in the same area of provision.

## **Review by non-government PSRBs (excluding health)**

### **Background**

- 5.94. Table 5 provides a list of approximately 30 of the PSRBs which we have encountered inspecting provision in HEIs. In practice, the impact of these bodies varies very widely from some which are, by a significant margin, the most intensive and intrusive process experienced by the departments concerned (that is, much more significant than a QAA DAT), to others where the impact is very modest or negligible. We have categorised them according to level of burden in the table.
- 5.95. Figure 5 shows that, overall, PSRBs as a group are second to the QAA in terms of the cost impact on the HE sector of their review activities.
- 5.96. Different institutions will have widely differing experience of PSRBs on aggregate, and even perhaps at the level of the individual PSRB. There appear to be two elements which drive the costs here:
- a. The extent of vocational provision: an institution with few vocational programmes may have little contact with PSRBs, while those with a wide range of vocational and professional subjects have many contacts. Table 3 shows that the number of 'relevant PSRBs' at our sample HEIs varied from none to 62, with five of the 12 HEIs providing data on more than a dozen PSRBs.
  - b. Market positioning: the 'relevance' of individual PSRBs may depend on the positioning of the institution in the market. One business school which recruits internationally considers it requires the 'triple crown' of accreditation from three PSRBs (AMBA, the European Quality Improvement System [EQUIS] and the Association to Advance Collegiate Schools of Business [AACSB]) while another school positioning its management provision differently, may not find this necessary or possible.
- 5.97. For the purposes of this study, we have not attempted to review the impact of every PSRB. Instead, we have noted at each institution the PSRBs which are most significant to the institution, and we have discussed the impact of a sample of these with the relevant academic departments. We have built up a picture of the broad 'order of costs' imposed by the most

active PSRBs, and we have also visited or contacted a sample of these PSRBs to discuss their objectives and processes. The PSRBs we have contacted in this way include:

- General Social Care Council
- Association of Masters in Business Administration
- Institution of Electrical Engineers
- Law Society.

### **Agency objectives and process**

- 5.98. The case study institutions were asked to assess what they perceived to be the costs of inspection by the PSRBs in table 5, in comparative terms. As a simple comparison, the burden of a DAT was suggested as 'medium': as many of the departments we talked to had recently experienced a DAT, this comparison worked well.
- 5.99. Only a few PSRBs in total were thought to be 'heavy' – or more burdensome than a DAT – and the majority were thought to be 'light' or 'very light'. The costs assumed around these categories varied by institution (as did the cost of the DAT, of course) but as a rule of thumb, a 'very light' PSRB would require no more than a nominal day or half day to prepare an annual return and a light PSRB might require a short paper return and hosting an annual visit.
- 5.100. The PSRBs falling into the 'medium' and 'heavy' category are those where significant disruption is experienced by the department. Requirements are precise around programme specification and student work, and teaching and demonstration sessions are often observed. The level of preparation time needed in practice may well be influenced by whether the department has recently experienced either a DAT or an internal periodic review (when the PSRB may accept the same evidence). However, the 'medium' category might require in the region of an equivalent 1.0 or 1.5 FTE (a true cost of £77,000 - £100,000) and a heavy requirement even more, up to the commitment, we are told, of an old-style Subject Review.

### **Agency costs of inspection**

- 5.101. We have not collected data on the costs of inspection to the PSRBs themselves. Such costs are not directly a charge on public funds, and so are, arguably, less important for this study than the costs incurred by the publicly funded agencies (such as Ofsted and QAA).

### **Impact on HEIs – costs and benefits**

- 5.102. Table 3 shows the estimated total annual cost for PSRB inspections at the 10 case study institutions with PSRB involvement. Where relevant, the annual cost varies from £13,000 at institution 7 (with five PSRBs) to £156,000 at institution 10 and £189,000 at institution 8 both of which had a large selection of PSRB accredited provision (62 and 30 PSRBs respectively).
- 5.103. Table 4 shows that this can be extrapolated to an annual cost for the sector of £8.8m. In addition, some PSRBs charge accreditation fees, which is a further specific cost for the HEIs. We have (incomplete) data which suggests that the level of such PSRB accreditation fees across the whole HE sector may be of the order of £1m and we have added this to the costs of PSRBs in tables 4 and 7.

- 5.104. There are also significant benefits of PSRB review for HEIs. As noted above, it is often a critical factor in market positioning and student recruitment for HEIs. More generally, many PSRBs are regarded as representing the 'learned society' for the profession, and so are natural partners for academics in HEIs. While PSRB review is relatively costly for HEIs, it is therefore generally accepted as a valuable and necessary part of professional standards and development.
- 5.105. We have assumed the costs associated with inspection by PSRBs will remain relatively constant, although there are variations by discipline which may mean the costs experienced by individual institutions differ. For example, there is evidence to suggest that some engineering institutions are looking to streamline their processes, whilst in business and management, QA requirements tend to be increasing.

### **Summary of costs of professional QA**

- 5.106. Table 4 summarises the annual costs incurred by institutions in each of the five categories of professional QA discussed in this chapter.
- 5.107. The estimated costs for the whole HE sector in England are as follows:

**Table (iii) Summary of estimated annual costs of professional QA for English HE sector**

	£
Ofsted inspection of ITT	3.8m
GMC review of medicine	1.5m
Review of NHS-funded health provision	4.4m
Inspection of FE in HE	1.6m
Inspection by PSRBs	<u>9.9m</u>
Total professional QA	21.2m

- 5.108. This costing can be compared with the annual cost of academic QA of £19m discussed in chapter 4. The burdens associated with academic QA under the QAF, and professional QA are therefore broadly the same. This is illustrated in figure 5 which shows the breakdown of the total costs of external QA incurred by institutions, attributed to the relevant inspecting agencies.
- 5.109. The comments we have made in chapter 4 about the non-financial costs of inspection and about over-preparation and gold-plating apply in just the same way to professional QA. As with academic QA, there is significant scope to reduce the costs of professional QA without loss of essential accountability or other benefits. We discuss this further in chapter 6.

## 6 Conclusions

### Introduction

- 6.1. In this chapter, we draw together our findings and analysis in a cost/benefit assessment of the existing inspection and review mechanisms. We propose some areas for further attention with the aim of reducing the burdens on higher education institutions without losing significant benefits. Finally, we estimate the likely future 'steady state' costs of external review of QA if these changes are implemented.

### Principles for regulation of quality in higher education

- 6.2. First, we explain the rationale we have used in these assessments.

#### Limitations of inspection of quality

- 6.3. The assurance of quality in higher education is complex. Quality is a subtle and precious commodity, and is not the same for all disciplines, all institutions, or all students. While external review can help to measure and protect standards, and to encourage quality enhancement, it cannot provide an absolute measure of quality. (Nor can it deliver improvements in quality – only institutions and their staff can do that.)
- 6.4. A member of one of our steering groups noted that there is a tension between the diversity of the English HE sector (which is rightly celebrated by Government) and the understandable desire of regulators for simple and uniform measures and processes. The regulators have to recognise that any indicators of teaching quality that they might seek to apply across the whole HE sector can be no more than proxies, and that a 'one size fits all' approach to measuring quality would risk damaging the diversity and innovation they wish to foster.

#### Rationale for the totality of inspection

- 6.5. HEIs are subject to a complex mixture of review processes, and the benefits and purposes of this system as a whole have not been defined. Each agency has its own purposes, but their review frameworks have grown up to address the different requirements of different departments and regulators.
- 6.6. We therefore need an element of pragmatism in assessing the costs and benefits of the review to which HEIs are subject. But the five purposes discussed in chapter 2 provide a helpful framework for our evaluation.

#### Proportionality and desirability of reducing burdens of inspection

- 6.7. Although inspection is valuable and necessary, it is not a good in its own right. It has a direct cost to the taxpayer. And it diverts academic effort from supporting students.
- 6.8. We therefore take the position that the burden of review should be the minimum that is required to deliver the specific assurance and benefits that are its stated purpose. We suggest three principles, which flow from this and draw upon the BRTF principles of regulation:

- a. Any particular element of an HEI's provision should normally only have to experience external review by one government agency;

this means that where more than one agency has a legitimate interest in the same area of provision, they should co-operate and share information to avoid subjecting HEIs to multiple visits with different data requirements. As one HEI said to us 'one visit, by one agency, at one time'.

- b. The demands of review on those being reviewed should be related to the level of risk and the volume and cost of the provision concerned.
- c. Where HEIs already have available information on their QA processes and outcomes (for example on internal websites) which is closely related to the agencies' needs, it should be the presumption that the agencies will use this existing information wherever possible (with the HEI providing appropriate access, signposting and additions) rather than requiring recreation of very similar data to particular formats.

## Conclusions

- 6.9. We can draw together the evidence summarised in chapters 3, 4, and 5 in some general conclusions about the inspection of QA in higher education.

### **Conclusion 1: The total quantifiable cost of review for the English HE sector is approximately £40m per annum.**

- 6.10. The evidence summarised in table 4 shows that the total cost burden on HEIs in preparing for, and dealing with the visits of inspecting, accrediting, and reviewing agencies is of the order of £40m annually. On average, this is approximately £309,000 per institution or the equivalent of the full economic costs of four full-time senior posts. This cost is split roughly equally between academic QA and professional QA. This is shown in Table A.
- 6.11. These figures are averages. The actual cost varies very significantly between institutions as discussed in chapter 4 and illustrated in figures 3 and 4. It will generally be lower for small institutions with a narrower range of provision, and higher for larger more diverse institutions. However, the actual costs experienced by institutions also vary very widely for a number of reasons apart from size, which were discussed in chapter 4.
- 6.12. If central costs to the inspecting agencies are included, the total direct cost of review would be close to £50m per annum.

**Table A: Current HEI costs of external review on an annualised basis**

	<b>Average per HEI £000s</b>	<b>England £m</b>
<b>Academic QA (transition phase)</b>		
Institutional Audit	69	9.0
DATs as part of audit	52	6.7
Developmental Engagements	14	1.8
Foundation degree reviews	2	0.25
Provision of auditors for QAA	10	1.3
<b>Total academic QA (QAF)</b>	<b>147</b>	<b>19.1</b>
<b>Professional QA</b>		
Ofsted inspection of ITT	-	3.8
GMC review of medicine	-	1.5
Review of health provision	-	4.4
Inspection of FE	-	1.6
Inspection by PSRBs (excl health)	-	9.9
<b>Total professional QA</b>	<b>163</b>	<b>21.2</b>
<b>Total cost of external QA</b>	<b>310</b>	<b>40.3</b>

Note: where HEIs do not all have the same processes, the £000s figure per HEI is not meaningful, and is not included. Full details are in tables 2 and 4.

- 6.13. There are also unquantified costs associated with disruption, opportunity cost and unintended changes in academic behaviour.
- 6.14. We have some less consistent data which suggest that the costs incurred by the publicly funded agencies which commission or carry out these external reviews (Ofsted, Skills for Health and QAA) may be in the region of £10m per annum. We only have limited information, but it seems likely that accreditation fees charged by some professional bodies to HEIs add £1m to the costs for the sector (but unevenly spread) and this is reflected in the figures for inspection by PSRBs. Central costs of TQI/NSS are approximately £1m per annum.

**Conclusion 2: This cost of review has reduced significantly in recent years.**

- 6.15. Our remit did not include quantifying historical costs, but it is clear that there has been a significant reduction over the past two-to-three years. Most notably, the costs of academic QA that institutions are now experiencing under QAA Institutional Audit and associated reviews are significantly lower than the costs they were experiencing under the former Subject Review and audit regime that was in place until 2002.
- 6.16. The other agencies concerned have also been responsive to the desirability of streamlining their processes as HEIs' QA systems have matured, and as quality has demonstrably improved. For example both Ofsted and Skills for Health have significantly streamlined their processes to reduce the costs for HEIs.

**Conclusion 3: The total cost experienced by the HE sector can be reduced further without loss of rigour.**

- 6.17. Improvements mean that the balance of costs and benefits is now much more satisfactory than it was three or four years ago. However, that does not mean that there is nothing left to do. Following the principles set out in the introduction to this chapter, it is still desirable to seek further reductions in cost where these can be achieved with no loss of benefits or of necessary accountability.
- 6.18. The sorts of opportunities that we have in mind here include the following:
- a. There are still areas where there can be actual overlap of review by a number of agencies (in health, this is now being addressed through the Major Review process).
  - b. Some agencies' regimes mean that they can review what is effectively the same thing many times over (such as Ofsted looking at M&QA on every visit).
  - c. New additions to the QA processes (however legitimate in their own right) are sometimes simply 'bolted-on' to existing processes. (Foundation degree reviews are an example.)
  - d. Some processes, which may not be particularly burdensome in an absolute sense, can appear disproportionate in relation to the small student numbers or small risk involved. Examples of this can include:
    - inspection of very small numbers of FE students can nevertheless require large inspection teams
    - Ofsted inspection of the Graduate Teacher Programme is relatively high cost in terms of small student numbers
    - foundation degree reviews can have several reviewers for a very small group of students.
  - e. Most institutions perceive that agencies require them to prepare, transport, and assemble very large volumes of hard copy documentation, much of which is never used.
  - f. Many institutions feel that they need to recreate existing documentation into different formats and styles to meet the needs of inspecting agencies.
  - g. A small, but significant, proportion of reviewers persist in behaviour which effectively drives HEIs into incurring excessive costs without any corresponding benefits.
- 6.19. The combination of these factors has a direct impact in raising the costs of HEIs.
- 6.20. These problems are well known, and we acknowledge that individual agencies have made progress in addressing the more extreme examples. However, they can do more, and institutions also need to do more to help themselves.

**Conclusion 4: HEIs could do more to reduce their own costs.**

- 6.21. As discussed in chapter 4, there is significant 'over-preparation' by some HEIs. Some of this is a result of a strategic decision by HEIs to 'do more to get extra benefits' from external review; or to position themselves as excellent rather than just compliant; or because they assess that the risks of a poor result are simply so serious that they are willing to 'err on the side of caution'. These are all legitimate policy decisions, and of course it

is not necessarily an institutional objective to minimise the costs of QA.

- 6.22. However, these factors cannot explain more than a part of the extreme variations in cost between HEIs dealing with the same QA processes, which we have discussed in chapter 4. A small proportion of our sample evidenced good practice in having a mature Academic Infrastructure; adopting a strategic and confident approach to Institutional Audit; avoiding creating new documentation where they already had effective internal processes; and being open and developmental in their dealings with the QAA. These institutions generally had significantly lower costs of audit, and a better cost/benefit ratio, and we believe others could learn from this experience.
- 6.23. By contrast, some institutions evidenced a significant level of 'unintended over-preparation', which we believe can legitimately be described as gold-plating. We gave examples in chapter 4, but they apply equally to professional QA. This is where extra costs were incurred with no clear benefit intended or achieved. It is simply wasteful and may well also be replicated in internal QA processes. Many HEIs could save costs here.
- 6.24. Each institution would have to examine its own circumstances and practices. However, we would observe that good practice could include:
  - a. Treating QA of teaching and learning as an institutional strategic priority and applying the same kind of senior management attention and risk assessment techniques to this, as they do to other strategic priorities like the Research Assessment Exercise or major capital investments.
  - b. Ensuring that (unless there are good reasons to the contrary) institutions' internal academic QA processes are designed to be fully compatible with the QAA guidance, thus minimising costs of compliance at audit.
  - c. Maintaining a central strategic focus to set policy and advise on, preparations for audit.
  - d. Providing adequate support to academics – in one case, a management school with a large burden of external review was able to demonstrate that the appointment of a high quality trained senior administrator had greatly reduced the burdens on academics and the overall costs of audit.

**Conclusion 5: Institutional Audit is an effective and appropriate process with the exception of Discipline Audit Trails.**

- 6.25. Institutional audit is a good process, which appropriately focuses its scrutiny on institutional management and strategy. The balance of costs and benefits is an improvement over subject review. The costs incurred by institutions in the first transitional phase of audits are approximately £120,000 per year (equivalent to 1.5 full-time senior posts). Both institutions and QAA can learn from their experience in this first round of audits and we expect these costs will reduce further as a result.
- 6.26. The DATs are a costly aspect of audit. They were a compromise. At their core, they were intended to 'see if it's really working in practice', but they



have become also a proxy for the lost Subject Review and this requires a different approach and different reviewers looking at different information. The cost of this uneasy compromise is high; it distorts the focus and composition of audit teams; yet it is less rigorous than other subject-specific inspections by Ofsted, the GMC and other PSRBs for example. It also drives much of the over-preparation we have observed.

- 6.27. The cost/benefit argument for DATs is much weaker than that for the core audit and we therefore propose that they should cease in their present form.
- 6.28. We believe QAA could conduct Audit Trails (ATs), which might or might not be in a specific single discipline area, but would not include the vestiges of Subject Review that remain in DATs. ATs would be much lighter than DATs as implemented. They would not for example require a SED, or module boxes, or inspection of student work.
- 6.29. QAA could also draw upon the subject-specific reviews by other agencies. There is already some co-operation of this kind, for example QAA does not do DATs in medical schools because of GMC review. This principle should be extended to all disciplines that have a rigorous external review, and these agencies should be asked to share their findings with QAA as appropriate.
- 6.30. This change alone could reduce the total cost of inspection on the sector very significantly.

**Conclusion 6: It is too early to assess costs and benefits of TQI and NSS.**

- 6.31. It is too early to assess costs and benefits of TQI and NSS, except in a very preliminary way. We understand that these were part of a package negotiated at the demise of universal Subject Review, and so the sector has seen a benefit from their introduction. However, there is almost universal concern that this is an attempt to impose a 'one size fits all' approach, without taking adequate account of what institutions are already doing, or of potential unintended consequences of publishing summaries of reports that should be frank and uninhibited.
- 6.32. There is a wide variation in the state of our sample institutions' preparations for TQI, but our limited data suggests that this could be a costly initiative for the sector (£3m annually) for institutions, plus £1m central costs. It will be important to conduct a proper evaluation of these costs as soon as the position is clearer.

**Areas for further consideration**

- 6.33. The main focus of this report is to provide evidence on costs and benefits to inform the two groups which have been involved in steering the project. Our main findings and conclusions are encapsulated in the six conclusions discussed above.
- 6.34. We have identified three areas where we hope the two steering groups will help to take forward further thinking with the aim of improving still further the balance of costs and benefits of external QA.

## **Area 1: Collaboration between inspecting agencies**

**It would further reduce costs for institutions if the general principle was adopted that only one publicly funded agency had the remit to lead reviews of provision in any area. For example, the QAA should be recognised as the lead agency for all review of institutional-level QA processes and systems.**

- 6.35. It would reduce costs and effort for HEIs if there were a clearer delineation of responsibilities for inspection, and a greater harmonisation of work between different agencies, following the principles we proposed in paragraph 6.8. For example, this could mean that:
- a. QAA would be recognised as the lead agency for all inspection of academic QA (fitness for award) including of all management and QA strategies, systems and processes at institution level. QAA would therefore in normal circumstances be the only body visiting institutions to review these aspects of QA. Other agencies which need to be assured about these central processes could be consulted by QAA about their requirements, but they should in general be satisfied with the level of assurance that is considered sufficient to safeguard UK academic awards. QAA should continue to share the results of its institutional audits with other agencies as appropriate.
  - b. Other agencies would lead in the areas of subject-specific QA, as they do now. So Ofsted would continue to inspect ITT provision, the GMC medical schools etc, but these agencies would not also inspect central institutional M&QA processes (as some do at present), and QAA would not normally undertake subject specific reviews (except in the special circumstances where this is appropriate).

## **Area 2: A greater developmental focus in Institutional Audit**

**We would like to see further consideration given to the best means by which QAA could introduce a developmental element into Institutional Audit.**

- 6.36. We suggest that QAA should use the opportunity of the end of the transition period to develop and include a much more specifically developmental element within the audit programme. As part of this, QAA should seek to facilitate a more open and self-critical approach in institutional SEDs, with corresponding non-judgmental and enhancement-focused discussions and feedback to institutions, alongside the published confidence judgements. This will be a challenge, but it would be widely welcomed by institutions and will add further value to the process.
- 6.37. We would leave it to QAA to decide how best to do this, consulting as appropriate, but we have in mind that institutional SEDs would comment much more specifically on enhancement, and audit teams would in turn address this in their reports.

### **Area 3: Reduction of avoidable costs in institutions**

**Institutions and inspecting agencies should work collaboratively to reduce the factors that encourage over-preparation by HEIs and which increase costs with no associated purpose or benefits.**

- 6.38. There is no single solution to this as we have discussed in the report. However, a number of measures could potentially help, including:
- clearer guidance by QAA on what is really expected by auditors
  - consideration by QAA of the management of audit teams including the roles of the core auditor and the QAA audit secretary in advising institutions
  - our recommendation to cease DATs should help significantly
  - a more confident approach by institutions – helped perhaps by more effective sharing of good practice and experience of audit
  - agencies engaging constructively with institutions in developing protocols for use of electronic information (as the GMC is doing).

### **Future steady state costs**

#### **Academic QA and the QAF**

- 6.39. In extrapolating the costs of Institutional Audit under the QAF forward to a steady state cost post-2005 (shown in table 6), we have made the following assumptions:
- a. All 130 institutions will in future experience a full institutional audit once in six years.
  - b. This audit will cost less than the first round of audits for two reasons. First, some of the costs experienced by the institutions in our sample were the 'one-off' costs of a first audit, or represented an avoidable element of 'over-preparation' which they will not incur in future years. We have assumed that on average the costs of each core institutional audit in the new cycle will be 85% of those incurred in 2003/04 (saving 15%). Second, the DATs will be replaced by much lighter audit trails with no production of SEDs or module boxes involved. We believe that the costs of DATs will be reduced by 90% as a result of this change.
  - c. During the six-year period, institutions will also have some contact with QAA which might or might not be as formal as a 'mid-term review'. The costs of this will vary but on average could be equivalent to 5% of the costs of an audit (such as preparation of a brief review and update to/commentary on the SED and action plan, plus a visit). For a small sample of institutions, the costs will be higher as they will have a judgement of limited confidence and will have to undergo a programme of further review and re-audit within the first three years of the period. For these institutions, the cost of this review will be 20% of the costs of an audit. We have assumed (conservatively) this will apply to 5% of institutions.

- d. We have assumed that Developmental Engagements will cease, but have made an allowance for some developmental work during the six-year cycle. We have assumed that the total cost of this will be no more than 20% of the current cost of institutional audit, that is, an average of £35,000 per institution over the six-year cycle.
- 6.40. The combined impact of all these assumed changes is shown in table 6. On this basis, the annual costs of a programme of equivalent Institutional Audits for the sector once the present transitional phase is completed would be approximately £5.0m per annum or an average of £38,000 per institution per year, compared with £17.5m for the sector and £135,000 per institution during the transitional phase. This is a cost reduction of approximately 70% due to a combination of the 'learning effect', loss of DATs and DEs (partly off-set by ATs and the new developmental work); and the switch from a three-year to a six-year cycle.
- 6.41. Total academic QA also includes collaborative audits, provision of auditors, and TQI. We have assumed that there will be no further separate programme of foundation degree reviews after 2005.
- 6.42. The costs of collaborative audits will be much higher in the new cycle, as most of these slipped in timing. In this same cycle 35 institutions will have a collaborative audit (two had this during the transition period), which we assume will cost about 1.25 times the cost of an Institutional Audit. However, these are not a new element, as they were also part of the transitional phase.
- 6.43. The combined cost of all these academic QA elements in the new six-year cycle is shown as £10.0m per annum for the sector or approximately £61,000 per annum for an institution without collaborative audit, and £98,000 for one with collaborative audit (an average of £77,000 per institution).
- 6.44. This is a reduction at sector level of over 50% of the total annual cost of the QAF compared with the transitional period. For institutions without collaborative audit, it is a saving of 66%, while for the 37 institutions with collaborative audit; it is a saving of 40% over the costs experienced so far during the transitional period.
- 6.45. These are very real reductions in costs. It must be noted that two of the significant elements in this projection are still uncertain: the costs of collaborative audit, and of TQI. However, we believe we have used relatively conservative assumptions on these, and so the overall reduction in costs is unlikely to be less than we have estimated.

### **Professional QA**

- 6.46. Table 7 shows our projection of future steady state costs of professional QA. This is much simpler than the situation with academic QA in table 6. We have assumed some small cost reductions where these are expected (for Ofsted, Ofsted/ALI and Major Review, and for the GMC when the present pilot phase is over). This leads to a projection of the total future annual cost for HEIs of £151,000 per HEI and £19.7m for the sector.
- 6.47. An interesting result of the changes in the QAF is that the relationship between academic and professional QA costs will be different in future. At present, the two are broadly equivalent at £20m each per year (see paragraph 6.10 and table B following). In the future steady state, the cost

of professional QA will be broadly twice that of academic QA due to the reduction in the latter from £19m to £10m.

- 6.48. The combined impact of these various changes is shown in table B which summarises the forecast future steady state costs of all external QA in higher education.

**Table B: Forecast future steady state costs of external review on an annualised basis**

	<b>Average per HEI £000s</b>	<b>England £m</b>
<b>Academic QA QAF(6-year cycle)</b>		
Institutional Audit	32	4.2
Developmental work	6	0.76
Provision of auditors for QAA	5	0.67
Collaborative audit	10	1.3
TQI/NSS	24	3.1
<b>Total academic QA (QAF)</b>	<b>77</b>	<b>10.0m</b>
<b>Professional QA</b>		
Ofsted inspection of ITT	-	3.0
GMC review of medicine	-	1.3
Review of health provision	-	4.2
Inspection of FE in HE	-	1.3
Inspection by PSRBs (excl health)	-	9.9
<b>Total professional QA</b>	<b>151</b>	<b>19.7m</b>
<b>Total cost of external QA</b>	<b>228</b>	<b>29.7m</b>

Note: the 'average' figure for costs of collaborative audit is actually a composite of zero for most HEIs, and £37,000 for the 37 HEIs which will have a collaborative audit. The total academic QA costs per HEI therefore vary between £61,000 (without collaborative audit) and £98,000 (with collaborative audit). In other cases where HEIs have (even wider) variations in processes, we have not included an average cost per HEI. Full details are in tables 6 and 7.

## List of Abbreviations

ALI	Adult Learning Inspectorate
AMBA	Association of Masters in Business Administration
AT	Audit trail
BRTF	Better Regulation Task Force
CNAA	Council for National Academic Awards
CVCP	Committee of Vice-Chancellors and Principals
DAT	Discipline Audit Trail
DE	Developmental Engagement
DfES	Department for Education and Skills
FD	Foundation degree
FE	Further education
GMC	General Medical Council
HEFCE	Higher Education Funding Council for England
HEI	Higher Education Institution
HEQC	Higher Education Quality Council
HERO	Higher Education Research Opportunities portal
HERRG	Higher Education Regulation Review Group
HESA	Higher Education Statistics Agency
HMI	Her Majesty's Inspectorate
HPC	Health Professions Council
IA	Institutional Audit
IBMS	Institute of Biomedical Science
ITT	Initial Teacher Training
JACS	Joint Academic Coding System
M&QA	Management and quality assurance
NMC	Nursing and Midwifery Council
NSS	National Student Survey
NUS	National Union of Students
Ofsted	Office for Standards in Education
PGCE	Postgraduate Certificate in Education
PSRB	Professional and Statutory Regulatory Body
PSX(I)	Inspection sub committee of the Commons Committee for Public Services and Expenditure
QA	Quality assurance
QAA	Quality Assurance Agency
QABME	Quality Assurance of Basic Medical Education
QAF	Quality Assurance Framework
QE	Quality enhancement
SCITT	School-Centred Initial Teacher Training
SCOP	Standing Conference of Principals
SED	Self-Evaluation Document
TQI	Teaching Quality Information
TRAC	Transparent Approach to Costing
TTA	Teacher Training Agency